

Vital Signs 2006

Economic and Social Indicators for New Hampshire
2001-2004

January 2006

a Labor Market Information Report



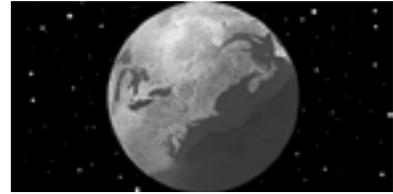
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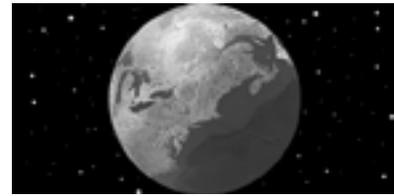
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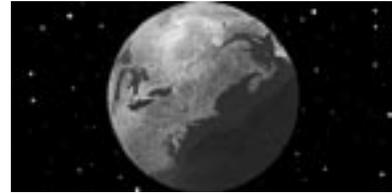
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Introduction



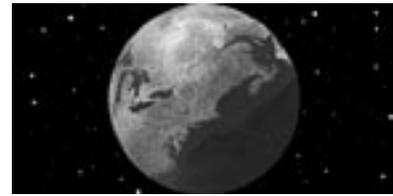
This annual review of New Hampshire's economic and social indicators is designed to present, in a concise manner, many significant aspects of the state's economic, social, and environmental structure. Four years of data are reported, when available, in order to depict recent trends. Comparisons are made with other states, the region, or the nation when appropriate.

Some data items have been drawn from published reports or unpublished records of many state and federal government agencies and private organizations. Other data have been retrieved from the Internet. We are indebted to the numerous individuals who contributed special information or provided advice on evaluating reported data. Sources are identified by abbreviations in the right hand column in the tables of indicators. Attention should be paid to notations included with the line titles about data size and time intervals used. Fiscal year numbers are displayed under the second calendar year involved and run from July of the previous year through June of following year, unless otherwise noted. For example, enrollments for the 2003-2004 school year are shown under 2004. Whenever possible, 2005 updates are reported along with other information in the summary analysis. While the data contained in this publication has been compiled from sources believed to be reliable, no guarantee is made as to the correctness, sufficiency, or completeness of such information.

Some of the data items in the tables are available for substate areas. If you need additional data please contact the Economic and Labor Market Information Bureau at (603) 228-4124.

The observations expressed in this report do not necessarily reflect those of New Hampshire Employment Security, and no official endorsement should be inferred.

Key Economic Indicators



Change is Key Economic Indicators

Indicator	2002 to 2003		2003 to 2004		Section
	Net Change	Percent Change	Net Change	Percent Change	
Population	13,000	1.0%	11,500	0.9%	1
Income, per capita personal	\$31	0.1%	\$2,900	8.5%	2
Wages, average weekly (private)	\$22.14	3.2%	\$35.74	5.0%	2
Labor Force	13,000	1.8%	5,000	0.7%	3
Employment	16,000	2.4%	10,000	1.5%	3
Unemployment	-2,000	-6.1%	-4,000	-12.9%	3
Nonfarm jobs - total all industries	-500	-0.1%	8,800	1.4%	4
Vehicle registrations	27,367	2.4%	29,026	2.4%	7
Electricity purchased (million KWH)	516	4.9%	-57	-0.5%	8
Gross state product (current dollars-millions)	\$2,096	4.5%	\$3,895	8.1%	9
Gross state product (chained 2000 dollars-millions)	\$1,399	3.1%	\$2,676	5.8%	9
Export Sales to the World (NAICS code) (\$ millions)	\$68	3.7%	\$355	18.4%	9
Meals and rooms receipts (millions)	\$51.8	2.6%	\$112.5	5.4%	10
Existing home sales (total units per year)	14.7	9.2%	20.3	11.7%	11
Bank assets (\$ millions)	\$321	1.1%	\$1,500	5.1%	12
Non-current loans (\$ millions)	-\$102.7	-30.4%	-\$37.0	-15.7%	12
Bankruptcy filings	339	8.4%	247	5.7%	12
School enrollment (K-12)	752	0.3%	-588	-0.3%	14
Poverty (thousands)	-1	-0.1%	28	2.2%	16
Violent crime offenses per thousand	-11.0	-6.8%	16.7	11.1%	17
Property crime offenses per thousand	-6.9	-0.3%	-12.8	-0.6%	17
Traffic crashes	1,653	4.1%	-2,288	-5.5%	17

1. Population

A large number of immigrants and refugees have been moving into New Hampshire, mostly Hillsborough County, over the last few years.



The New Hampshire population continued to grow steadily. In 2003, the population stood at approximately 1,288,000. In 2004, it rose to nearly 1,300,000 and doesn't show signs of leveling off or declining in the near future.

New Hampshire experienced population growth in each of the first four years of the new millennium. From years 2000 to 2003, the Granite State's population grew 4.2 percent or 52,000 residents. Neighboring Massachusetts reported a smaller population increase of 1.3 percent during that time period.

The population of a state grows in different ways. Natural population growth occurs when the number of births outnumbers deaths. The number of deaths rose slightly in 2004 to 9,993 from 9,700 in 2003, as did births to 14,198 in 2004 up from 13,872 in 2003.

However, New Hampshire's population growth exceeds the numbers implicit in natural population growth. Most of New Hampshire's population growth stems from people moving from other states, primarily Massachusetts, but another group of inflows come from immigrants, non-

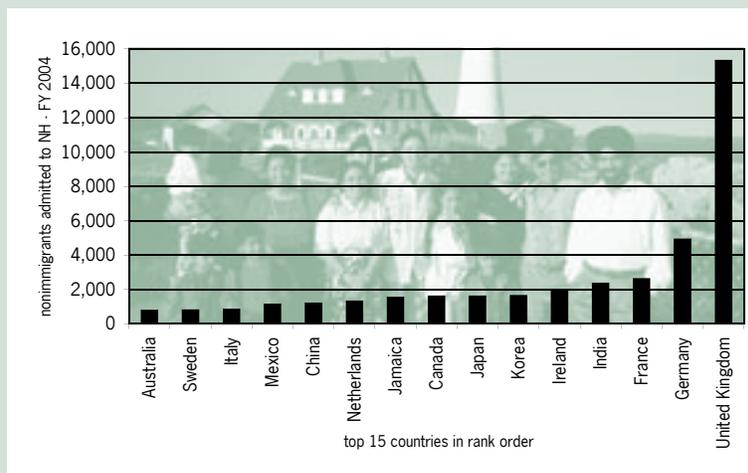
immigrants and refugees. More immigrants and refugees have been coming to New Hampshire in the past few years than ever before.

Immigrants, Nonimmigrants and Refugees

There is a distinct difference between immigrants and refugees. Immigrants enter the United States with a visa, mainly for employment, educational purposes or to join family members. Approximately 75 percent of all immigrants, who enter the United States, do so to join family members. Family members, either U.S. citizens or lawful permanent residents, are able to sponsor immigration for eligible relatives. These include foreign-born spouses, siblings, parents (if the sponsor is under the age of 21), and unmarried children. Adult married children may be sponsored by U.S. citizens only. Nonimmigrants, also a group of visa holders, enter the U.S. temporarily, intending on returning to their home countries when their visas expire.

An employer may also sponsor a foreign individual, for a job, either on a temporary or permanent

The majority of nonimmigrants admitted into the state in Fiscal Year 2004 were from the United Kingdom



1. Population

basis. This happens when the employer establishes that U.S. residents are not available or able to fulfill the job responsibilities.

A visa diversity lottery is conducted each year, and temporary visas are awarded proportionately to individuals, from a country depending on how many people are currently in the United States from that country. The visa lottery is run independently from the process of granting employment and visitation visas. If an individual is sponsored by a U.S. company or a relative, there is no need to enter the visa lottery. The visa lottery exists to give people, who do not have family members in the states or offers of employment, a chance to enter the United States.

In contrast, refugees are people forced out of their native countries for a variety of reasons including persecution because of their religious values, opinions, or ethnic background, or natural disasters. They are sponsored by the United States Government.

Even though they are citizens of the United States, the people affected by the devastation of hurricanes Katrina and Rita are also considered refugees, though they might prefer to be called evacuees. They were forced by natural disasters to flee their living areas and relocate to other states.

A large number of immigrants and refugees have been moving into New Hampshire, mostly Hillsborough County, over the last few years. As of the 2000 census, a total of

4,522 refugees were living in the Granite State. Of that total, 79 percent had resettled in Hillsborough County. Merrimack County reported a very distant second with approximately seven percent of refugees settling in that area. In 2004, the majority of refugees moved into Manchester, the state's largest city.

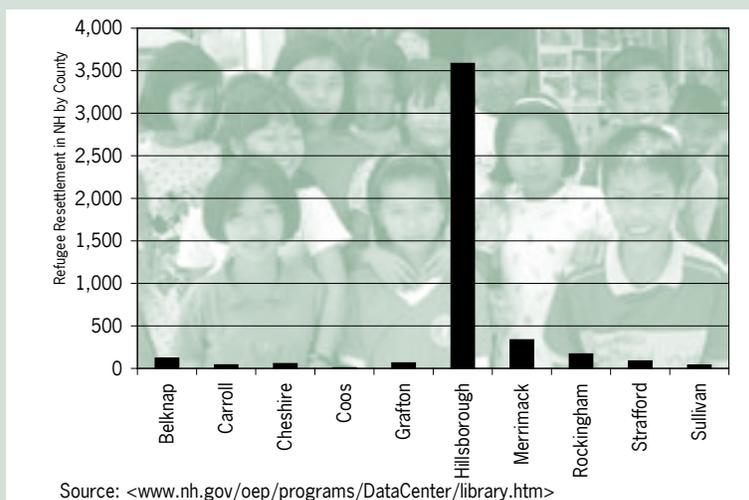
Seasonal Workers

There are different levels of visa classifications given to nonimmigrants. Common types of temporary visas are the H-1B and H-2B visas. An H-1B visa is a temporary visa applied to nonimmigrants with at least baccalaureate degree or the equivalent. An H-2B visa is also a temporary visa applied to those nonimmigrants who work in unskilled labor areas such as hotels or restaurants. In 2003, New Hampshire had 983 certified workers holding H-2B visas.

Seasonal employment requires the acquisition of H-2B visas. Since the demand for H-2B visas is much greater than the supply, some companies apply for H-2B visas in January and employ workers longer than they normally would to insure that the immigrants will be eligible to work during the summer months. Employers use the extra months for training purposes and additional winter help.¹

New Hampshire natives aren't available to fill all the seasonal positions in the

Hillsborough County was the main New Hampshire destination for refugees entering the State as of 2000



hospitality industry, thus employers are forced to seek alternative labor sources, such as immigrants.

One solution some New Hampshire businesses have been exploring, in order to retain seasonal help, is for winter businesses to collaborate with summer businesses.² For example, when the ski season ends, nonimmigrants working for ski areas might continue employment at a New Hampshire summer resort. This transfer of labor is able to occur since the H-2B visa can be valid for up to one year.

Because most residents need year-round full-time work, it is often impossible to fill the seasonal jobs with domestic workers. This reality allows New Hampshire's seasonal businesses to obtain H-2B visas.

National Origins

In the past ten years, most of New Hampshire's refugee population has come from Eastern Europe. In 2000, 377 of New Hampshire's 657 total refugee inflow for the year were European natives. A majority of the European immigrants were from Bosnia (287).³

New Hampshire's newest immigrants and refugees are coming from a wider area including countries such as Liberia, Somalia, and Nigeria. These immigrants often have valuable skills, however they frequently need assistance in adapting to western culture. Programs like ESOL (English for Speakers of Other Languages) teach students English language skills and help them adapt to western culture. The term ESOL is often more appropriate than the dated ESL (English as a Second Language) since, unlike most Americans, many refugees are already fluent in two or more languages.

Limited English Proficient, or LEP, is an umbrella term that encompasses all individuals who have insufficient English language skills.

Data made available by the National Clearinghouse for English Language Acquisition⁴ show that the number of students enrolled in LEP Programs (Limited English Proficient) has risen significantly over the past 10 years. In the 1993-1994 school year, New Hampshire had 1,126 students in LEP Programs. By the 2003-2004 academic year, that number rose 144.7 percent to 2,755.

This helps to illustrate that New Hampshire's population is increasingly becoming more diverse.

As an example, Concord High School has seen a rise in the number of students enrolled in the ESOL program in the past five years. In 2000, there were twenty-seven students in the program. In 2005 that number has increased to fifty.⁵ The program also helps students understand western cultural norms unfamiliar to many of these students. For example, students recently learned and experienced the differences between homecoming and pep rallies.

Amy Bergquist

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- 1 Steere, Kara. "Coming to NH." *Business NH Magazine*. May 2005. Pages 68-69.
 - 2 *ibid.*, pgs 69-70.
 - 3 "Refugee Facts." *New Hampshire Refugee Program*. December 30, 2005. New Hampshire Office of Energy and State Planning. Accessed December 30, 2005. <nh.gov/oep/programs/refugee/facts.htm>.
 - 4 *New Hampshire Data & Demographics*. December 19, 2005. Office of English Language Acquisition Accessed December 22, 2005. <www.ncela.gwu.edu/policy/states/newhampshire/03_demo.htm>.
 - 5 Asmar, Melanie. "A Search for Understanding." *The Concord Monitor*. November 11, 2005.
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1. Population

Resident Population

	2001	2002	2003	2004	Source
Population, July 1st (thousands)	1,259	1,275	1,288	1,300	CB
Annual percent change	1.5%	1.3%	1.0%	0.9%	CB/NHES
United States rank of annual percent change	8	19	13	14	CB/NHES
Percent change since last census	1.5%	2.8%	3.9%	4.8%	CB/NHES
Population, Males	619,742	627,621	634,746	640,940	CB
Population, Females	639,617	647,435	653,211	658,560	CB

Median Age

	2001	2002	2003	2004	Source
United States	35.6	35.7	35.9	36.0	CB
New England	37.7	38.1	38.5	38.8	CB
New Hampshire	37.5	37.9	38.5	38.8	CB
Connecticut	37.6	37.8	38.5	38.8	CB
Maine	39.4	39.8	40.2	40.6	CB
Massachusetts	37.1	37.4	37.5	37.8	CB
Rhode Island	37.6	37.0	37.8	38.0	CB
Vermont	38.4	38.8	39.3	40.2	CB

Distribution by Age

	2001	2002	2003	2004	Source
Under 5 years	5.9%	5.8%	5.7%	5.6%	CB/NHES
5 to 17 years	18.6%	18.4%	18.1%	17.9%	CB/NHES
18 to 24 years	8.8%	9.0%	9.3%	9.4%	CB/NHES
25 to 44 years	30.3%	29.7%	28.7%	28.1%	CB/NHES
45 to 64 years	24.5%	25.1%	26.3%	27.0%	CB/NHES
65 years and over	12.0%	12.0%	12.0%	12.1%	CB/NHES

Vital Statistics

	2001	2002	2003	2004	Source
Marriages	10,650	10,579	10,332	10,384	BHSDM
Marriage rate (per 1,000 population)	8.5	8.3	8.0	8.0	BHSDM
Divorces	5,500	5,556	5,270	5,132	BHSDM
Divorce rate (per 1,000 population)	4.4	4.4	4.1	3.9	BHSDM
Components of Population Change:					
Live births	14,647	14,427	14,383	14,573	BHSDM
Birth rate (per 1,000 population)	12.1	12.0	11.9	12.1	BHSDM/NHES
Births to teenage mothers (less than 20 years old)	920	882	825	n/a	BHSDM
Percent of live births	6.3%	6.1%	5.7%	n/a	BHSDM
Non-marital births (percent of live births)	24.1%	24.5%	24.8%	n/a	BHSDM
Late or no prenatal care (percent of live births)	1.6%	1.4%	1.1%	n/a	BHSDM
Resident deaths	9,813	9,852	9,314	9,179	BHSDM
Crude death rate (per 1,000 population)	7.8	7.7	7.2	7.1	BHSDM
Infant death rate (per 1,000 live births)	3.8	n/a	n/a	n/a	BHSDM
Natural increase rate (per 1,000 population)	3.8	3.6	4.0	4.2	BHSDM
Net in-migration rate (per 1,000 population)	n/a	n/a	n/a	n/a	BHSDM/NHES

2. Income & Wages

The three-year-moving average median household income in 2004 for New Hampshire was the highest in the nation.



There are many ways to measure income. Understanding the differences between the alternative methods can help determine what they represent.

Average Weekly Wage

In 2004 New Hampshire's total average weekly wage was \$753.68, an increase of \$35.74 or about 5.0 percent, over the 2003 average. Six of the twenty industry sectors have had average weekly wages above \$1,000 for each of the past four years. For the first time since 1999 to 2000, all sectors in 2004, increased their average weekly wage over-the-year.

The average weekly wage is based on earnings reported for coverage by unemployment compensation insurance. It is calculated by taking the total of wages reported and dividing them by the number of employees for the number of weeks being reported. These wage data can be sorted by company size and function, thus enabling comparisons of wages among industries. The information is available by quarter or annual average. Wages include hourly pay, salaries, severance pay, bonuses, lump sum, holiday, and sick pay. It also includes overtime, which in the second and third quarters can be inflated by extra hours worked by construction workers.

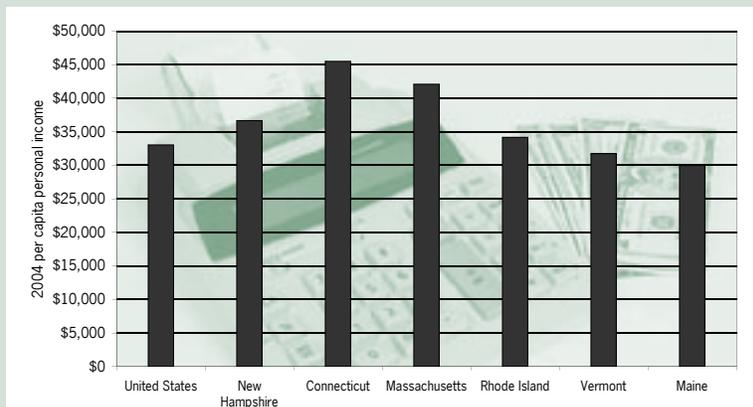
In 2004, two of New Hampshire's industry sectors that had been struggling, Information and Management of companies and enterprises, finally surpassed their 2000 wage level peaks. To put this in perspective, average weekly wage for all New Hampshire private industries has never fallen over-the-year going back at least 30 years.

Total Personal Income

Since New Hampshire is a small state, it figures that total personal income for the state is lower than more populous states. New Hampshire's total personal income ranked in 37th place among the states (excluding District of Columbia) and represented less than 0.5 percent of the national total personal income. Preliminary total 2004 personal income for New Hampshire is \$4.76 billion, an increase of a little over seven percent from 2003.

This measurement of income is very comprehensive. Total personal income includes not only salary and wages, but also any supplements to that with inventory value adjustments, personal payments to government (donations, fees, and fines), rental income, interest and interest payments

In 2004, New Hampshire ranked third in New England and sixth in the nation for per capita personal income



2. Income & Wages

and receipts on assets, and payments to persons for which no services are performed (personal current transfer receipts).

Per Capita Personal Income

Although total personal income for New Hampshire is smaller than more populous states, per capita personal income in the state, the average income received by persons, does draw attention. Revised 2004 per capita personal income (PCPI) levels ranked New Hampshire 6th highest in the nation at \$36,676. New Hampshire typically ranks high in this income measurement.

Personal Income by County

Total personal income is available by county as recent as 2003. In New Hampshire, each county's rank in total personal income to the state total was the same as its rank in population. So evaluating per capita personal income in the counties helps bring the relative income of each county's residents into perspective.

Per Capita Personal Income by County

Rockingham County is one of the two most populous counties and has the highest per capita personal income. This is attributable in part to its proximity and short commute to Boston, a high concentration of high tech employment and high

value seacoast properties. Hillsborough County had the second highest per capita personal income. Similar to Rockingham, Hillsborough County also has a short commute to Boston and a significant concentration of high tech. The county is also home to business drawn to the largest city in the state, Manchester, by the convenience of the airport there.

Grafton County had the third highest per capita personal income. The presence of many professionals in the educational and health care occupations drawn to the Upper Valley by Dartmouth College and Mary Hitchcock Medical Center is a contributory factor there. Carroll County's per capita personal income was ranked fourth highest among the counties, likely because of the large concentration of high value seasonal homes in the area.

Comparison of 2003 Per Capita Personal Income and 2003 population for New Hampshire and its counties

Area Name	2003 PCPI*	PCPI Rank	2003 Population**	Population Rank
Rockingham	40,103	1	290,576	2
Hillsborough	36,858	2	395,131	1
Grafton	35,241	3	83,615	5
New Hampshire	35,140	—	1,288,705	—
Carroll	33,228	4	46,054	8
Merrimack	32,633	5	143,943	3
Belknap	32,513	6	60,175	7
Sullivan	30,688	7	42,063	9
Cheshire	30,506	8	76,352	6
Strafford	29,079	9	117,346	4
Coos	27,077	10	33,450	10

* Source: Bureau of Economic Analysis

** Table 1: Annual Estimates of the Population for Counties of New Hampshire. April 1, 2000 to July 1, 2004 (CO-EST2004-01-33)

Per Capita Disposable Personal Income

New Hampshire's per capita disposable personal income in 2004 was strong. New Hampshire ranked 5th highest nationally with \$33,180. Disposable personal income is total personal income minus personal current taxes. Personal current taxes consist of income taxes, motor vehicle licenses, and personal property taxes. However, contributions for governmental social insurance are not included as a personal tax.

2. Income & Wages

Household Income

New Hampshire's 2004 median household income of \$55,580 ranked sixth highest in the nation. The Census Bureau defines a household as comprising all the people who occupy a housing unit (single, two or more unrelated occupants, and families). This is why household incomes are generally lower than family incomes.

The three-year-moving average median household income in 2004 for

New Hampshire was \$57,352. This was the highest in the nation and is the measurement that is used for evaluating poverty levels.

Family Income

In 2004, the median family income (regardless of family size) was \$67,848. Median family income is typically higher than median household income. Families, unlike households, have a minimum size of two related persons. Households, on the other hand, include families,

plus families with unrelated persons living in the same housing unit, plus individuals living alone. Family income includes many families with multiple wage earners, household income is diluted by the significant numbers of individuals living alone.

Anita Josten

Total Personal Income

	2001	2002	2003	2004	Source
New Hampshire (\$ millions)	42,624	43,441	44,521	47,660	BEA
Components:					
Net Earnings ^a	71.2%	71.7%	72.9%	73.3%	BEA
Dividends, interest, rent	16.5%	15.6%	14.9%	14.6%	BEA
Transfer payments	10.7%	11.5%	11.4%	11.7%	BEA

^a Earnings (wages and salaries, other income, and proprietors' income) by place of work, less personal social insurance by place of work, adjusted for place of residence.

Per Capita Personal Income

	2001	2002	2003	2004	Source
Per Capita Personal Income	\$33,922	\$34,109	\$34,140	\$37,040	BEA
United States rank (excluding D.C.)	6	6	6	5	BEA
Annual percent change	1.6%	0.6%	0.1%	8.5%	NHES/BEA
Percent change after adjusting for inflation using CPI	-1.2%	-1.0%	-2.1%	5.7%	NHES/BEA

Per Capita Disposable Income

	2001	2002	2003	2004	Source
Per Capita Disposable Income	\$29,205	\$30,782	\$31,637	\$33,453	BEA
United States rank (excluding D.C.)	6	6	6	5	BEA
Annual percent change	2.2%	5.4%	2.8%	5.7%	NHES/BEA
Percent change after adjusting for inflation using CPI	-0.6%	3.8%	0.5%	3.0%	NHES/BEA

US Price Indices

	2001	2002	2003	2004	Source
CONSUMER PRICE INDEX, All Urban Consumers, Year End					
December each year (U.S., 1982-1984 = 100)	177.1	179.9	184.0	188.9	BLS
December to December percent change	2.8%	1.6%	2.3%	2.7%	BLS

2. Income & Wages

Median Household Income

	2001	2002	2003	2004	Source
New Hampshire	\$51,331	\$53,549	\$55,166	\$57,352	CB
Connecticut	\$53,347	\$53,325	\$55,004	\$55,970	CB
Maine	\$36,612	\$37,654	\$37,619	\$39,395	CB
Massachusetts	\$52,253	\$50,587	\$52,084	\$52,354	CB
Rhode Island	\$45,723	\$44,311	\$45,205	\$46,199	CB
Vermont	\$40,794	\$41,929	\$43,212	\$45,692	CB

Wages

	2001	2002	2003	2004	Source
TOTAL WAGES in employment covered by unemployment compensation (\$ millions)					
Private and public employers	\$21,654	\$21,823	\$22,556	\$24,038	NHES
Annual percent change	2.8%	0.8%	3.4%	6.6%	NHES
AVERAGE WEEKLY WAGE covered by unemployment compensation					
All industries (annual average)	\$682.38	\$695.80	\$717.94	\$753.68	NHES
Annual percent change	2.2%	2.0%	3.2%	5.0%	NHES
Agriculture, Forestry, Fishing, and Hunting	\$451	\$449	\$469	\$504	NHES
Mining	\$847	\$904	\$837	\$907	NHES
Utilities	\$1,239	\$1,278	\$1,326	\$1,522	NHES
Construction	\$810	\$842	\$809	\$834	NHES
Manufacturing	\$860	\$887	\$928	\$974	NHES
Wholesale Trade	\$1,152	\$1,141	\$1,162	\$1,211	NHES
Retail Trade	\$445	\$459	\$482	\$492	NHES
Transportation and Warehousing	\$582	\$592	\$601	\$639	NHES
Information	\$1,076	\$1,052	\$1,081	\$1,142	NHES
Finance and Insurance	\$1,029	\$1,083	\$1,163	\$1,224	NHES
Real Estate and Rental and Leasing	\$581	\$662	\$702	\$736	NHES
Professional and Technical Services	\$1,098	\$1,098	\$1,110	\$1,152	NHES
Management of Companies and Enterprises	\$1,326	\$1,294	\$1,382	\$1,762	NHES
Administrative and Waste Services	\$542	\$559	\$567	\$604	NHES
Educational Services	\$597	\$656	\$696	\$721	NHES
Health Care and Social Assistance	\$640	\$673	\$699	\$729	NHES
Arts, Entertainment, and Recreation	\$319	\$314	\$331	\$348	NHES
Accommodation and Food Services	\$270	\$276	\$284	\$291	NHES
Other Services, except Public Admin	\$481	\$500	\$511	\$529	NHES
Total Government	\$675	\$645	\$675	\$710	NHES
AVERAGE WEEKLY EARNINGS					
Production Workers in Manufacturing Employment	\$565.51	\$591.20	\$594.00	\$619.20	BLS
United States rank, including D.C. (1 = highest)	31	28	n/a	n/a	BLS

3. Labor Force & Unemployment

New Hampshire's labor force has been growing at a steady rate for the past decade.



Employment of New Hampshire residents continued to grow in 2004. Approximately 10,000 more people were employed in comparison to just a year earlier.

Labor Force

New Hampshire's growing population trend (see chapter 1) also is a driver of the state's labor force. The labor force includes all persons 16 years of age and over who are employed or unemployed (not employed and actively seeking employment). The labor force (see chapter 4) for September 2005 was 737,830. That is up from 718,190 in September 2004. New Hampshire's labor force

has been growing at a steady rate for the past decade.

Participation in the labor force varies by age, race, ethnicity and gender. Teenagers (16 to 19 years) had 52.9 percent of their population in the labor force in 2004. Those aged 35 to 44 had the highest rate with 87.0 percent participating in the labor force. People of retirement age (65+) exhibited the lowest rate of only 15 percent. These proportions didn't change significantly from 2003.

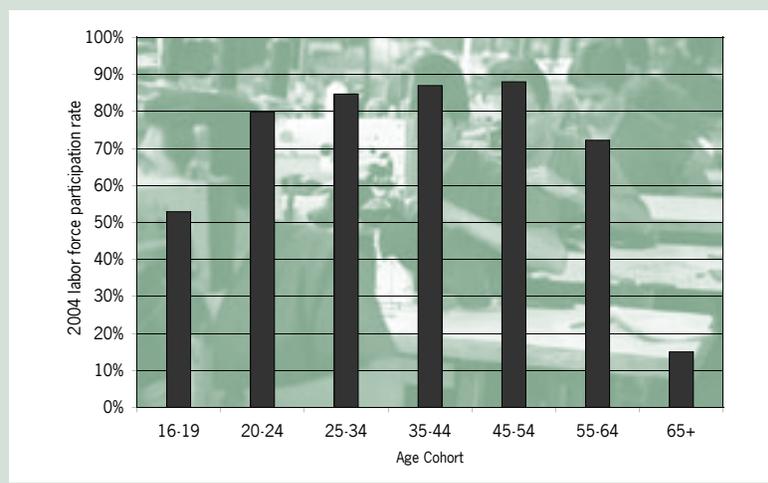
The proportions for each age group are associated with different stages of life. Teenagers have lower participation rates because most are in school, while most

people in the 65+ age group are retired, some may be of declining health and unable to work.

Asian residents of New Hampshire reported 65.6 percent labor force participation in 2004. Whites recorded a participation rate of 68.4 percent while those of Hispanic or Latino ethnic background, who can be of any race, reported a participation rate of 77.4 percent. No data was available for African American residents of New Hampshire.

The total number of men outnumbered the total number of women who participated in the labor force in 2004. Men reported a labor force participation rate of 77.9 percent while women tallied in at 64.7 percent. Similarly, in 2003, the percentage of total men that participated in the labor force was 78.5 percent while the total number of women that participated in the labor force was 64.9 percent. Possible explanations for lower participation among women are cultural stereotypes of men as breadwinners and women as caregivers. Men's wages are typically higher than those of women so if an adult family member is

People ages 45 to 54 are most likely to be in the labor force



3. Labor Force & Unemployment

to give up a career to stay home to care for children or other family members, it is likely to be the one receiving lower wages. Another factor to consider is that women typically outlive men and there are more women past retirement age and not part of the labor force.

Many of the people moving into New Hampshire have entered from the neighboring states of Maine, Vermont or Massachusetts. The majority, however, come from Massachusetts. Rockingham County became home to 7,300 new residents; 5,300 moved into Merrimack County; and 2,400 made Hillsborough County their new homes from 2000 to 2003¹.

Many of the Massachusetts migrants found new jobs in the Granite State. According to a study done by MassInc., only about 28 percent of new residents kept their Bay State jobs when they moved across the border. People who left Massachusetts were well educated. They indicated that they could not afford Massachusetts' high cost of living. Many sought an affordable alternative, and New Hampshire had that to offer.²

According to another study Mass Inc. conducted of 1,000 Massachusetts residents in 2003, 25 percent of the respondents indicated they would move out of Massachusetts if given the opportunity due primarily

to the high cost of living and high taxes³.

Unemployment

Annual unemployment dropped from 4.3 percent in 2003 to 3.7 percent in 2004. Unemployment rates dropped in 2004 in many different demographic groups including men, women and teenagers (16-19 years).

The 35 to 44 age cohort had the lowest unemployment rate in 2004 at 2.4 percent down from 3.3 percent in 2003. The 35 to 44 age cohort consistently has one of the lowest unemployment rates each year. Persons in this group are in their prime working years and have generally finished their formal schooling and gained work experience. This reality makes their job knowledge very attractive to prospective employers, and companies may have to allocate fewer dollars in training costs when someone of this age bracket is hired for a job. The 65+ age category had the lowest unemployment rate in 2003 at 2.1 percent. That percentage rose in 2004 to 3.2 percent. Low unemployment rates in this age category are consistent with retirees' weaker attachment to the labor force.

Teenagers had the highest unemployment rate for all age groups at 12.3 percent in 2004, down from 12.9 percent in 2003. Governor Lynch recently proposed to increase the age to legally

drop out of high school from 16 to 18 years old⁴. The current dropout age was implemented in 1903 when job prospects for high school dropouts were more promising. Back then, young men who did not finish school were better able to secure career work in factories or on farms and earn a livable wage, and women were expected to be homemakers. Those industries are no longer prevalent in New Hampshire and young women have career expectations. High school dropouts are forced to look to the service sector. Even there, many jobs require a minimum of a high school diploma.

The next highest unemployment rate was the 20 to 24 year old age group. Due to the relative lack of experience compared to the older age cohorts, the unemployment rate for this age group for 2004 was 5.7 percent but that is also down from 2003 when it stood at 7.6 percent.

Amy Bergquist

¹ U.S Census Bureau 2000. <www.census.gov>.

² Fahey, Tom. "A Mass. Migration Heads North." *Manchester Union Leader*. December 3, 2003.

³ "The Pursuit of Happiness: A Survey on the Quality of Life in Massachusetts." *Research Reports*. May 2003. MassINC. Accessed December 12, 2005. <www.MassInc.org>.

⁴ Manning, Colin. "Lynch: Keep Students in School Until They Turn 18." *Fosters*. November 8, 2005.

3. Labor Force & Unemployment

Civilian Labor Force

	2001	2002	2003	2004	Source
Civilian Labor Force (annual average)	689,000	706,000	719,000	724,000	BLS
Annual percent change	0.4%	2.5%	1.8%	0.7%	NHES
Labor force participation rate	72.0%	71.3%	71.5%	71.1%	BLS
United States rank	7	tie 8	8	7	BLS
Male participation rate	78.4%	77.9%	78.5%	77.9%	BLS
United States rank	7	8	6	9	BLS
Female participation rate	66.3%	65.2%	64.9%	62.6%	BLS
United States rank	9	9	tie 9	11	BLS

Employment

	2001	2002	2003	2004	Source
Employed (annual average)	664,000	672,000	688,000	698,000	BLS
Annual percent change	-0.3%	1.2%	2.4%	1.5%	BLS/NHES
Work full-time - 35 hours or more per week	71.8%	72.8%	n/a	n/a	BLS

Unemployment

	2001	2002	2003	2004	Source
Unemployed (annual average)	24,000	33,000	31,000	27,000	BLS
Unemployment rate (annual average)					
New Hampshire	3.5%	4.7%	4.3%	3.7%	BLS
United States rank (1=lowest)	8	16	5	6	BLS
New England	3.8%	4.6%	5.1%	4.8%	BLS
United States	4.7%	5.8%	6.0%	5.5%	BLS
Men					
New Hampshire	3.7%	4.8%	4.5%	4.0%	BLS
New England	3.9%	n/a	n/a	n/a	BLS
United States	4.8%	6.3%	6.3%	5.6%	BLS
Women					
New Hampshire	3.4%	4.6%	4.1%	3.3%	BLS
New England	3.4%	n/a	n/a	n/a	BLS
United States	4.7%	5.7%	5.7%	5.4%	BLS
Teenagers (16-19)					
New Hampshire	11.9%	11.9%	12.9%	12.3%	BLS
New England	11.0%	n/a	n/a	n/a	BLS
United States	14.7%	17.5%	17.5%	17.0%	BLS

3. Labor Force & Unemployment

Unemployment Insurance

	2001	2002	2003	2004	Source
Weeks compensated for unemployment (UI)	254,856	421,511	408,977	321,358	LD
Benefits paid, unemployment insurance (thousands)	\$60,628	\$107,810	\$103,364	\$78,559	LD
Average duration, benefit payments (weeks)	9.5	17.6	17.8 ^a	17.8 ^a	LD
United States average	13.8	16.5	16.4	16.2	LD
United States rank, including D.C. (1=lowest)	1	42	40	n/a	LD
Average weekly benefit amount					
New Hampshire	\$240.59	\$259.84	\$258.60	\$257.82	LD
United States	\$238.07	\$256.77	\$261.62	\$261.44	LD

^aNew Hampshire Additional Benefits program was available

Labor Disputes

	2001	2002	2003	2004	Source
Number of companies	n/a	0	0	6	LD
Employees involved	n/a	0	0	205	LD

4. Employment by Industry

Five of the seven industries that expanded their ranks registered double-digit percent growth.



Employment, considered a lagging economic indicator, confirms trends in the state's economy. Writing in 2005, New Hampshire's total nonfarm employment has been on an expansion path since 1998. True, there have been rough spots along the way, but collectively, employers in the state increased the work force by more than six percent during the period. The employment annual averages growth rate, from 2000 to 2004, had moderated to an overall 0.8 percent increase.

Employment Shifts

Looking at the point-to-point changes from 2000 to 2004, the data shows that manufacturing pared its employment level by 21.7 percent while, at the lower end of the reduction spectrum, professional and business services incurred a 3.2 percent decrease.

Manufacturing

Within manufacturing, nondurable goods manufacturing, the smaller of the two subdivisions, absorbed most of the job loss through 2004. Under nondurable goods manufacturing, paper

manufacturing trimmed a larger number of jobs than did the food manufacturing, and beverage and tobacco product manufacturing subdivisions.

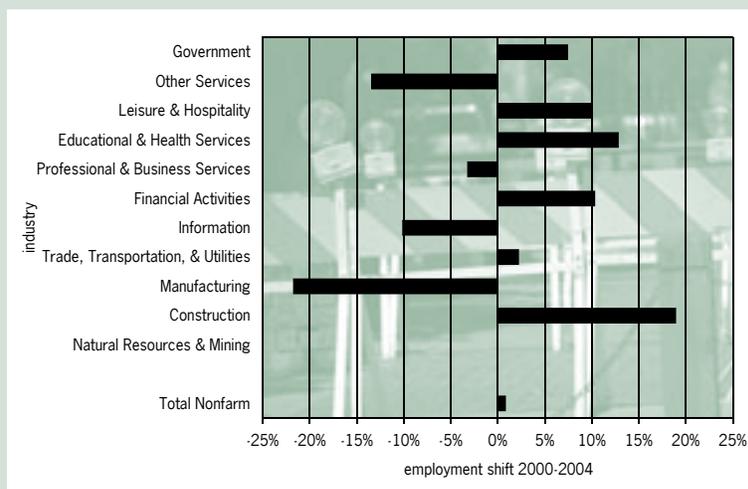
The employment trend line in nondurable goods manufacturing has pointed downward since 2000. Preliminary estimates indicate nondurable goods continuing its downward trek late into 2005.

Job loss prevailed in durable goods manufacturing from 2000 through 2003. Unlike its nondurables counterpart, durable goods manufacturing employment started a slight rebound in 2004. Preliminary estimates for 2005 show that durable goods manufacturing employment has continued this rebound. Those 2005 estimates pointed to firms that engaged in primary metal manufacturing and computer and electronic product manufacturing as the force behind the recent upward movement.

Other Services

Within other services, annual average employment data from the Quarterly Census of Employment and Wages (QCEW) show that firms performing repair and maintenance activities trimmed their payrolls, while

The Construction industry experienced the largest growth over the four year period 2000 to 2004



4. Employment by Industry

businesses providing personal and laundry services and religious, grant-making, civic, professional, and similar organizations increased their staffs. Other services followed manufacturing with a 13.4 percent reduction in its work force between 2000 and 2004. Initial estimates for 2005 indicate a continued downward trend overall for this group.

Information

Publishing industries (except internet) supplied the driving force for the 10.1 percent drop in the information supersector employment trend line over the period. Internet service providers, web search portals, and data processing services firms cut back on staffing levels starting in 2000 and leveled off in 2002. After 2002, the data show that employment for internet service providers, web search portals, and data processing services leveled out. Telecommunications also experienced a downturn in employment trends through 2003, but in 2004, this industry rebounded handsomely. Preliminary estimates show that information will not shift significantly from employment levels established in 2004.

Professional and Business Services

With its 3.2 percent job loss, professional and business services experienced the smallest share of reduction among those industrial groups trimming staff in

New Hampshire from 2000 to 2004. All major sectors of professional and business services contributed to this group's drop in the number of employed. The employment trend line for administrative and support and waste management and remediation services bottomed out in 2002, while professional, scientific, and technical services and the management of companies and enterprises reached their low point in 2003 before starting back up. Estimates for 2005 show modest employment gains in professional and business services.

Natural Resources and Mining

Although natural resources and mining occupy a very small part of New Hampshire's jobs picture, firms in this industrial grouping have held their employment level relatively constant over time. It must be remembered that this industrial group usually employs about 1,000 people in a given month. Therefore, modest shifts in employment produce what appears on the surface to be monumental changes in levels. The data show no point-to-point change, but employment in natural resources and mining did fluctuate up and down by 100 jobs during the period.

Employment Gains

Turning to those industries that expanded their ranks, five of the seven industries registered double-digit

percent growth. The range ran from a 2.2 percent employment increase in the trade, transportation, and utilities supersector to an 18.9 percent job growth in construction.

Trade, Transportation, and Utilities

Firms operating in trade, transportation, and utilities have expanded New Hampshire's employment totals since 2000, with the more pronounced jump in growth coming between 2003 and 2004.

On balance, wholesalers in the state followed a pattern similar to the supersector. The primary difference being that wholesalers experienced a significant upward shift in hiring in 2001.

Industry data within wholesale trade showed that employment for merchant wholesale trade - durable goods started a decline in 2001. This decline bottomed out in 2003, and started a mild recovery in 2004.

Wholesale electronic markets and agents and brokers, the other published item in the series, has increased their total number of jobs every year since 2000, continuing the practice through 2004.

Retail trade employment has trended upward since 2000, according to covered employment data.

On the plus side, building material and garden

4. Employment by Industry

equipment and supplies dealers led the pack with a 25.5 percent growth between 2000 and 2004. Furniture and home furnishings followed with a 21.5 percent expansion.

At the other end of the scale, health and personal care stores tempered the upward momentum with a 6.9 percent reduction in staffing levels. General merchandise stores also pared back personnel strength by 5.4 percent during the period.

Transportation and utilities countered the supersector's employment expansion. Most elements of transportation and warehousing contributed to the decline in this area.

Utility employment levels fluctuated up and down by 100 jobs over the years, and the point-to-point change from 2000 to 2004 resulted in a 100-job increase.

Preliminary estimates for trade, transportation, and utilities have trended upward in 2005.

Government

Government employment expanded by 7.4 percent between 2000 and 2004. State government accounted for the largest part of that growth. The state university system made a major contribution to that growth with its work-study students. Local government also added to the overall employment increase. Educational services provided a bulk of the new jobs in local government.

Federal government employment in New Hampshire declined by 3.7 percent during the period 2000 to 2004.

Leisure and Hospitality

Leisure and hospitality industries weighed in with

a 10 percent increase in the total number of jobs so far during the current decade. The most dramatic increase during the period occurred in arts, entertainment, and recreation, which experienced an 18 percent growth. Within that group, amusement, gambling, and recreation industries expanded their number of employed by 23 percent.

Although the accommodation and food services sector did not increase as much as arts, entertainment, and recreation, it added jobs to the state's economy. The accommodations industry employment levels expanded by 5.4 percent, while food services and drinking places enlarged staffing by 9.3 percent.

Inside food services, full-service restaurants, with their 10.0 percent increase in employment, outpaced the 3.9 percent growth of the limited-service eating places.

Financial Activities

The employment trend line for financial activities bounced up by 10.3 percent since the start of the current decade. Both major sectors, finance and insurance and real estate and rental and leasing, made contributions.

Within finance and insurance, all subsectors added to the period's growth. Insurance carriers and related activities departed from the trend in 2004 when the total number of jobs dipped. Even with the

Building and garden equipment and supplies dealers experienced exceptional growth from 2000 to 2004

NAICS Code	2000 -2004 Growth Rate	Title
444	25.5%	Building Material and Garden Equipment and Supplies Dealers
442	21.5%	Furniture and Home Furnishings Stores
448	9.7%	Clothing and Clothing Accessories Stores
447	7.7%	Gasoline Stations
441	6.4%	Motor Vehicle and Parts Dealers
443	4.2%	Electronics and Appliance Stores
445	-0.1%	Food and Beverage Stores
454	-1.9%	Nonstore Retailers
453	-4.6%	Miscellaneous Store Retailers
451	-4.9%	Sporting Goods, Hobby, Book, and Music Stores
452	-5.4%	General Merchandise Stores
446	-6.9%	Health and Personal Care Stores

4. Employment by Industry

2004 decline, employment for insurance carriers held well above the 2000 level.

Real estate employment fared well during the decade. This industry group has about 450 more jobs on the books now than when the decade started.

Rental and leasing services worked to dampen the rate of growth as the employment level started a downward trek in 2001, which continued through 2003. At that point, the industry group reversed its trend and made modest additions to the work force.

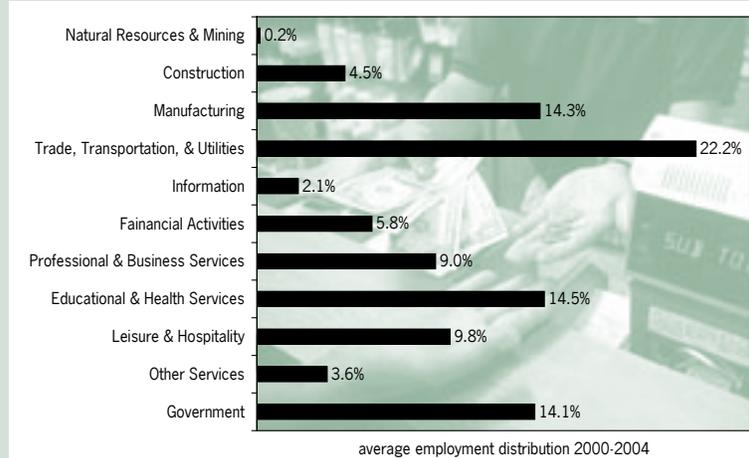
Preliminary estimates for 2005 show that financial activities employment have maintained an element of stability.

Educational and Health Services

The annual average employment in 2000 for firms in educational and health services expanded their ranks by 12.8 percent overall. Educational services grew at a 12.6 percent rate, while health care and social assistance increased its employment rolls by 11.6 percent.

Inside health care and social assistance, hospitals led the way with a 15.3 percent growth. Nursing and residential care facilities followed hospitals' lead with 14.7 percent augmentation of their force. The remaining area of health care, ambulatory health care services, also experienced a double-digit growth rate with an 11.8 percent increase since 2000.

Trade, transportation & utilities accounts for the biggest share of state employment



QCEW data showed that during the current decade, social assistance had a more moderate employment increase. All told, social assistance employment grew at a one-percent rate. This growth started in 2001, peaked in 2003, and had a sharp decline in 2004. First quarter 2005 QCEW data indicated an upturn in hiring for this segment of the division.

The employment trend in 2005 for educational and health services has been flat in the preliminary estimates.

Construction

Of all industrial groupings in New Hampshire, construction gave the state its largest percentage growth in employment since 2000 with an 18.4 percent rate, representing a net increase of 4,600 jobs.

Within the group, heavy and civil engineering construction nearly mirrors the construction job growth pattern with an 18.5 percent rate. Construction of buildings followed with a 17.8 percent increase in its total number of employed persons, and to complete the picture, specialty trade contractors expanded their work force by 15.8 percent.

Construction experiences seasonal fluctuation in employment during any given year, but annual averages through 2004 show a steady rate of growth for this segment of the economy. Preliminary estimates for 2005 indicate that employment totals have leveled during the year.

Employment Distribution

The distribution of employment among the industrial groupings in

4. Employment by Industry

New Hampshire presents an interesting picture. To gain an understanding of the distribution, we developed average industry employment from 2000 to 2004. From there, we calculated a percentage of total nonfarm employment for each industrial grouping.

Trade, transportation, and utilities provided the singularly largest portion with 22.2 percent of the state's total number of nonfarm jobs. At the other end of the spectrum, natural resources and mining accounts for 0.2 percent of nonfarm employment in New Hampshire.

Despite its much-chronicled difficulties, manufacturing still plays a significant role in New Hampshire's employment picture, as it accounted for 14.3 percent of the total covered jobs in the state.

Bernhard McKay

National Ranking based on changes in Total Nonfarm Employment

Year	2000	2001	2002	2003	2004	Employment Change '00-'04	Employment % Change '00-'04	National Rank
Connecticut	1,693,100	1,681,100	1,664,900	1,644,500	1,651,400	-41,700	-2.46%	44
Maine	603,400	608,100	606,500	606,800	613,900	10,500	1.74%	15
Massachusetts	3,322,600	3,327,200	3,246,600	3,185,100	3,180,400	-142,200	-4.28%	49
New Hampshire	622,000	627,200	618,400	617,900	626,700	4,700	0.76%	20
Vermont	298,700	302,100	299,300	299,200	303,200	4,500	1.51%	16
Rhode Island	476,700	478,400	479,400	484,300	488,400	11,700	2.45%	13

4. Employment by Industry

Annual Employment Averages					
	2001	2002	2003	2004	Source
TOTAL NONFARM	627,200	618,400	617,900	626,700	NHES
TOTAL PRIVATE	541,400	530,100	527,800	537,000	NHES
Goods Producing	125,600	113,800	110,300	110,900	NHES
Natural Resources & Mining	1,000	900	1,000	1,000	NHES
Construction	27,200	27,900	28,900	29,600	NHES
Manufacturing	97,400	85,000	80,100	80,300	NHES
Durable Goods	73,800	63,300	59,700	60,700	NHES
Primary Metal Manufacturing	3,200	2,900	3,000	3,000	NHES
Computer & Electronic Product	25,800	20,100	18,800	19,500	NHES
Electrical Equipment, Appliance, & Component	6,600	5,200	4,500	4,600	NHES
Nondurable Goods	23,600	21,700	20,700	19,700	NHES
Food, & Beverage, & Tobacco Product Manufacturing	3,400	3,400	3,500	3,000	NHES
Paper Manufacturing	3,600	3,000	3,100	3,000	NHES
Service Providing	415,800	416,200	417,500	426,100	NHES
Trade, Transportation, & Utilities	137,300	138,200	138,400	140,100	NHES
Wholesale Trade	26,700	26,600	26,700	27,300	NHES
Retail Trade	94,900	95,900	95,900	97,300	NHES
Food, & Beverage Stores	19,200	19,400	19,000	19,300	NHES
Transportation and Utilities	15,800	15,800	15,800	15,400	NHES
Information	13,700	12,900	12,200	12,500	NHES
Financial Activities	35,700	36,600	37,000	37,600	NHES
Professional & Business Services	57,000	54,300	54,700	56,700	NHES
Educational & Health Services	89,000	91,800	93,100	94,600	NHES
Educational Services	20,300	21,100	21,400	21,900	NHES
Health Care & Social Assistance	68,700	70,700	71,600	72,600	NHES
Hospitals	21,800	22,700	22,900	23,500	NHES
Leisure & Hospitality	59,500	60,800	61,500	64,000	NHES
Accommodation & Food Services	49,000	49,900	50,200	52,200	NHES
Food Services & Drinking Places	39,500	40,600	40,900	42,400	NHES
Other Services	23,600	21,600	20,200	20,700	NHES
Total Government	85,800	88,300	90,100	89,700	NHES

4. Employment by Industry

Annual Employment Percent Changes

	2001	2002	2003	2004	Source
TOTAL NONFARM					
New Hampshire	0.8%	-1.4%	-0.1%	1.4%	NHES
New England	0.1%	-1.5%	0.3%	-1.1%	NHES/BLS
United States	0.0%	-1.1%	-0.3%	1.1%	NHES/BLS
Private					
New Hampshire	0.5%	-2.1%	-0.4%	1.7%	NHES
New England	-0.1%	-1.9%	-1.1%	0.6%	NHES/BLS
United States	-0.3%	-1.7%	-0.4%	1.2%	NHES/BLS
Government					
New Hampshire	2.8%	2.9%	2.0%	-0.4%	NHES
New England	1.5%	0.6%	-1.4%	-0.8%	NHES/BLS
United States	1.6%	1.9%	0.3%	0.2%	NHES/BLS

Annual Employment Percent Changes - Goods Producing

	2001	2002	2003	2004	Source
Goods Producing					
New Hampshire	-2.3%	-9.4%	-3.1%	0.5%	NHES
New England	-2.3%	-7.0%	-4.7%	-0.8%	NHES/BLS
United States	-3.1%	-5.5%	-3.3%	0.3%	NHES/BLS
Natural Resources & Mining					
New Hampshire	0.0%	-10.0%	11.1%	0.0%	NHES
New England	1.4%	-2.7%	-1.4%	4.3%	NHES/BLS
United States	1.2%	-3.8%	-1.9%	3.3%	NHES/BLS
Construction					
New Hampshire	9.2%	2.6%	3.6%	2.4%	NHES
New England	5.2%	0.1%	-0.5%	2.7%	NHES/BLS
United States	0.6%	-1.6%	0.3%	3.4%	NHES/BLS
Manufacturing					
New Hampshire	-5.0%	-12.7%	-5.4%	-0.1%	NHES
New England	-4.5%	-9.4%	-6.2%	-2.1%	NHES/BLS
United States	-4.8%	-7.2%	-4.9%	-1.2%	NHES/BLS
Durable goods					
New Hampshire	-4.2%	-14.2%	-5.7%	1.7%	NHES
New England	-3.2%	-10.6%	-6.7%	-1.5%	NHES/BLS
United States	-5.0%	-8.3%	-5.5%	-0.4%	NHES/BLS
Nondurable goods					
New Hampshire	-7.1%	-8.1%	-4.6%	-4.8%	NHES
New England	-7.4%	-6.7%	-5.1%	-3.4%	NHES/BLS
United States	-4.4%	-5.5%	-3.9%	-2.5%	NHES/BLS

4. Employment by Industry

Annual Employment Percent Changes - Services Producing					
	2001	2002	2003	2004	Source
Service Providing					
New Hampshire	1.5%	0.1%	0.3%	2.1%	NHES
New England	0.6%	-0.4%	-0.5%	0.6%	NHES/BLS
United States	0.8%	-0.2%	0.4%	1.3%	NHES/BLS
Trade, Transportation, & Utilities					
New Hampshire	0.1%	0.7%	0.1%	1.2%	NHES
New England	-0.6%	-1.0%	-0.8%	0.5%	NHES/BLS
United States	-0.9%	-1.9%	-0.8%	0.9%	NHES/BLS
Wholesale trade					
New Hampshire	3.9%	-0.4%	0.4%	2.2%	NHES
New England	1.1%	-2.3%	-0.3%	0.2%	NHES/BLS
United States	-2.7%	-2.1%	-0.8%	0.9%	NHES/BLS
Retail trade					
New Hampshire	0.3%	1.1%	0.0%	1.5%	NHES
New England	-0.7%	0.0%	-0.8%	0.9%	NHES/BLS
United States	-0.3%	-1.4%	-0.7%	0.8%	NHES/BLS
Transportation and Utilities					
New Hampshire	-5.4%	0.0%	0.0%	-2.5%	NHES
New England	-2.6%	-3.5%	-1.2%	-0.8%	NHES/BLS
United States	-0.8%	-3.0%	-1.2%	1.2%	NHES/BLS
Information					
New Hampshire	-1.4%	-5.8%	-5.4%	2.5%	NHES
New England	-0.7%	-8.6%	-6.0%	-2.8%	NHES/BLS
United States	-0.1%	-6.5%	-6.1%	-1.6%	NHES/BLS
Financial Activities					
New Hampshire	4.7%	2.5%	1.1%	1.6%	NHES
New England	1.3%	-0.3%	-0.6%	-1.0%	NHES/BLS
United States	1.6%	0.5%	1.6%	0.9%	NHES/BLS
Professional & Business Services					
New Hampshire	-2.7%	-4.7%	0.7%	3.7%	NHES
New England	-1.8%	-5.1%	-2.1%	1.9%	NHES/BLS
United States	-1.1%	-3.0%	0.1%	2.7%	NHES/BLS
Educational & Health Services					
New Hampshire	6.1%	3.1%	1.4%	1.6%	NHES
New England	2.6%	2.9%	1.7%	1.6%	NHES/BLS
United States	3.5%	3.6%	2.4%	2.2%	NHES/BLS
Leisure & Hospitality					
New Hampshire	2.2%	2.2%	1.2%	4.1%	NHES
New England	1.0%	2.1%	1.3%	1.9%	NHES/BLS
United States	1.5%	-0.4%	1.6%	2.5%	NHES/BLS
Other Services					
New Hampshire	-1.3%	-8.5%	-4.2%	0.0%	NHES
New England	2.9%	0.8%	-0.2%	-0.0%	NHES/BLS
United States	1.7%	2.2%	0.4%	0.7%	NHES/BLS

5. Occupational Trends

New Hampshire's population is both growing and aging and will put demands on the state's healthcare industries.



Occupations – the jobs we do to earn a living – are always changing, evolving. Many of the jobs we did fifty to a hundred years ago have vanished. Many more have been created. Some occupations exist in great numbers, while some are relatively rare. Some have high growth rates due to changes in technology and scientific advancement, others may be disappearing due to the technology of automation and computerization. It is worthwhile to look at trends in both occupational employment and wages, to get a feel for where we are now and what the future will bring.

When we were young, many of us wondered what we would do when we grew up. Some of us still do. But when well armed with information, it is easier to make career choices. For example, hardly anyone trains nowadays to become a COBOL programmer. Mainframe computers are aging and their usefulness is waning. Therefore these programmers are no longer in demand. On the other hand, a software engineer trained in today's computer languages can code their own ticket.

Fastest Growing, Average Annual Openings, and Declining Occupations

One of the facets of occupational trends, the fastest growing, barely change from year to year. Computer/Mathematical and Health occupation groups in recent years were growing the fastest, and – surprise – they still are. Regarding Health, New Hampshire's population is both growing and aging and will put demands on the state's healthcare industries. For Computer occupations, sweeping changes in computer technology, the proliferation of both wired and wireless networks, and the continual need for new and better software are driving growth in that group.

One job that is only marginally connected to healthcare, Fitness Trainers and Aerobic Instructors, will see 47 percent growth from 2002 to 2012, representing an additional 799 jobs, according to the latest published employment projections. But the number one occupation is Medical Assistant. The growth rate for this job is expected to be an astounding 68 percent, nearly four times the statewide average for all occupations. This represents

an increase of 715 jobs over the 10-year period. The average wage for Medical Assistants in New Hampshire was \$13.04 per hour, according to the May 2004 Occupational Employment Statistics survey.

When discussing jobs with the largest number of openings, it is important to understand that some occupations have more numerous openings due to growth, some due to replacements needed; most reflect a combination of the two.

For example, look at Secretaries and Team Assemblers. These occupations would not be obvious candidates for high annual openings because of their negative growth rates: -0.2 and -6.4 percent long-term change respectively. But because of high job turnover, they still have significant replacement needs. (In this case, "turnover" does not include persons who leave to do the same job somewhere else.) Approximately 1,600 secretaries will need replacing from 2002-2012 as well as 1,450 Team Assemblers for the same time period. So even though growth rates are negative, many Secretaries and Team Assemblers will still be needed in the coming years.

5. Occupational Trends

As usual in New Hampshire, Salespersons and Cashiers have the highest annual average openings (See table on page 24). The absence of a sales tax in New Hampshire may be a factor in the high employment of these occupations, but the biggest factor is the sheer numbers of these jobs and their low-skill entry level nature.

Caveat: Employment Projections are not an exact science and measure occupational demand only. Unforeseen changes in consumer, business or government spending patterns and the way goods and services are produced could alter the growth rate and quantity of individual occupations.

Occupations decline for several reasons. One is the decline in a specific sector such as manufacturing, which affects occupations concentrated in that sector such as Production occupations. Other reasons are changes in technology, process improvement, and higher productivity. Some jobs can be done more cheaply elsewhere and may leave the state or even the country.

The following occupations are projected to lose the most jobs in the next ten years:

- Electric and electronic equipment assemblers
- Electromechanical equipment assemblers
- Team assemblers

- Meat, poultry, and fish cutters and trimmers
- Telephone operators
- Loan interviewers and clerks
- Telemarketers
- Tellers
- Printing machine operators
- Sewing machine operators
- A number of occupations concentrated in textile mills

Most of these are production jobs, some are clerical. The clerical jobs are mainly affected by recent strides in Internet technology, allowing customers to bank and apply for loans online. Telephones are mostly automatic now. For Telemarketers, the “Do Not Call” list has had a great impact. People on the list are

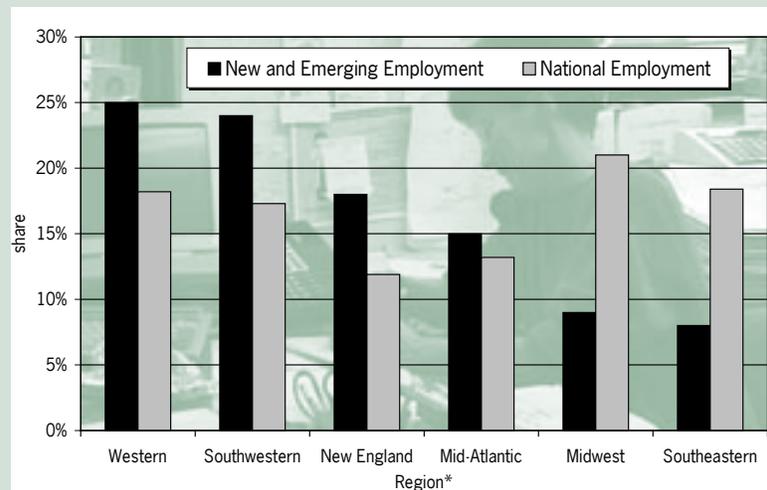
rarely called, or if they are, it may be a machine leaving a taped message.

As noted above, even though declining employment may lead to unfavorable job prospects, the need to replace workers who leave an occupation will create at least some job openings.

New and Emerging Occupations

A Bureau of Labor Statistics study released in September 2004¹ identified and discussed new and emerging (N&E) occupations. The Occupational Employment Statistics program survey, conducted semi-annually in all 50 states, contributed the raw data.

New England's share of N&E occupations is much larger than its national employment share



* Western region includes: Alaska, Arizona, California, Guam, Hawaii, Idaho, Nevada, Oregon and Washington.
 Southwestern region: Arkansas, Colorado, Kansas, Louisiana, Missouri, Montana, New Mexico, Oklahoma, Texas, Utah and Wyoming.
 Midwest region: Illinois, Indiana, Iowa, Michigan, Minnesota, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin.
 Southeastern: Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina and Tennessee.
 Mid-Atlantic: Delaware, District of Columbia, Maryland, New Jersey, Pennsylvania, Virginia and West Virginia.
 New England: Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island and Vermont.

In the field of educational services, computers are making inroads into the educational process. Almost all school students have access to computers, in many cases lots of them. Advances in telecommunication applications have led to an increase in on-line learning. For these reasons, many school districts now employ Directors of technology and/or Technology coordinators.

Health Services have evolved to provide specialized patient care, improved scheduling of surgical procedures and alternative medical services. These have led to the emergence of such varied occupations as Polysomnographic (sleep) technicians, Medical certification clerks, and Surgical schedulers.

In Engineering, Laser and Optical engineers have emerged in concert with the advanced technology in those fields. New materials and processes have contributed to the creation of these and related occupations.

The graph (on page 22) shows the regional distribution of new and emerging occupations across the country. The region encompassing New England and New York was third highest with roughly 18 percent of N&E occupations - well above its share of national employment.

Wage Trends

Nationally, wages rose briskly in 2004 for a small percentage of highly skilled workers, such as nurses and airline pilots. But most others failed to keep pace with inflation. These are the findings of the National Compensation Survey, conducted by the U.S. Department of Labor.

Wages for American workers averaged \$18.09 per hour in July 2004, up from \$17.75 in July 2003, an increase of 1.9 percent. But during that period, inflation advanced 3.0 percent, wiping out the wage gains.²

Airline pilots were paid an average of \$113.02 per hour, up 15.6 percent. Medical doctors were \$57.90, up 9.4 percent. (These two occupations are unusual in that pilots are restricted by law to work only 20.5 hours per week, by law, and doctors may work well over 40 hours per week.) The latest New Hampshire employment estimates show 90 Airline pilots. Medical doctors in New Hampshire are more difficult to estimate since many are broken down by specialty, and estimates for certain specialties are not publishable or available.

Undoubtedly attributable to the nursing shortage, wages for Registered nurses, rose 14 percent to an average hourly rate of \$26.87. (In New Hampshire, the rate in May 2004 was \$24.16.)

Dental hygienists have also shown strong gains and now stand at \$30.96 per hour, nationwide, (\$30.57 in New Hampshire) representing a 30 percent increase for the seven-year period ending in 2004, according to National Compensation Survey data.

Other winners include real estate agents (a booming market), electricians (more construction and home security systems), and even stone and brick masons (many customers prefer the higher value of masonry to vinyl siding.)

Who, then, are the losers? Unskilled construction workers, plasterers, musicians and composers.

Other occupations hover at inflation's edge. These include natural scientists, social workers, and elementary school teachers, with inflation-adjusted wages up 2.0, 2.0 and 5.0 percent respectively since 1997. From 2003 to 2004, however, elementary teachers and social workers did not keep up with inflation, which was, as mentioned, 3.0 percent.

Don Kelley

¹ Pikulinski, Jerome. "New and Emerging Occupations." *Occupational Employment and Wages, May 2003, Bulletin 2567*. Bureau of Labor Statistics. September 2004: pg. 14-21.

² Vascellaro, Jessica E. "Most Paychecks Fell in 2004, But Some Earners Came Out Ahead." *CareerJournal.com*. September 15, 2005. Wall St. Journal. Accessed November 10, 2005. <<http://www.careerjournal.com/salaryhiring/hottissues/20050915-vascellaro.html>>

5. Occupational Trends

Top 25 Occupations With the Most Annual Openings, 2002-2012

SOC Code	Occupation	Annual Job Openings		
		Growth	Replacement	Total
41-2031	Retail Salespersons	591	925	1,516
41-2011	Cashiers	429	1,000	1,429
35-3031	Waiters and Waitresses	287	626	913
35-3021	Combined Food Prep/Serving Workers, Inc Fast Food	307	466	773
29-1111	Registered Nurses	451	247	698
11-1021	General and Operations Managers	230	206	436
41-1011	Supervisors/Managers, Retail Sales Workers	191	188	379
41-4012	Sales Reps, Wholesale and Mfg, Ex Tech/Sci Products	151	189	340
43-5081	Stock Clerks and Order Fillers	21	311	332
25-9041	Teacher Assistants	179	151	330
43-4051	Customer Service Representatives	194	117	311
37-2011	Janitors/Cleaners, Ex. Maids/Housekeeping Cleaners	151	159	310
11-9199	Managers, All Other	101	191	293
53-3032	Truck Drivers, Heavy and Tractor-Trailer	159	125	283
43-4171	Receptionists and Information Clerks	155	124	278
13-1199	Business Operations Specialists, All Other	175	94	268
43-9061	Office Clerks, General	89	175	265
31-1012	Nursing Aides, Orderlies, and Attendants	175	83	258
43-3031	Bookkeeping, Accounting, and Auditing Clerks	59	186	245
25-2021	Elementary School Teachers, Except Special Education	93	133	226
41-4011	Sales Reps, Wholesale and Mfg, Tech/Sci Prod	106	120	226
43-1011	Supervisors/Managers, Office/Admin Support Workers	70	152	222
49-3023	Automotive Service Technicians and Mechanics	81	134	216
53-7062	Laborers and Freight, Stock, and Material Movers, Hand	35	175	210
25-2031	Secondary School Teachers, Ex. Special Ed/Voc Ed	83	125	208

6. Private Enterprise

Health care is one of the top five concerns of the business community in the state.



How is private enterprise doing in New Hampshire?

- In 2004, there were 33,461 private firms with employment in the state of New Hampshire. That represents a net increase of 658 firms from 2003.
- The firm expansion translated into private sector jobs in the state rising by approximately 9,000 positions over the 2003-2004 period.
- New Hampshire's Gross State Product (GSP), in current dollars, increased by 7.6 percent over-the-year. (GSP is the market value of all goods and services produced by resources located in a state.)
- Total personal income grew by 7.0 percent over-the-year.
- The state's annual average unemployment rate for 2004 was 3.8 percent, compared to a rate of 5.5 percent for the nation.
- The benchmarked number of private nonfarm jobs expanded in 2004 from 527,800 to 537,000, a 1.7 percent increase. All these elements point to a strong private sector in New Hampshire.

The Bureau of Economic Analysis (BEA) reported proprietor's income in the state grew by 10 percent from 2003 to 2004. The double-digit percentage increase is

significant in that proprietor's income provides a measure of entrepreneurs' prosperity over-the-year. BEA's definition of proprietor's income actually includes entities other than pure sole proprietors, such as partnerships.

Health Insurance Developments

According to the Business and Industry Association's (BIA) 2006 Issues Agenda, health care is one of the top five concerns of the business community in the state. One of the BIA's standing policy committees plans to propose legislation to address this key issue.¹

Annual double digit increases in health insurance premiums, over the past few years led the state legislature to pass, and the Governor to sign, Senate Bill (SB) 125, in 2005. SB125 repealed SB110, which was an attempt to control insurance costs by increasing competition. (Proponents of SB125 maintained that the well-intentioned SB110 did not control costs, but in fact caused very large cost increases, especially for small businesses. Some businesses testified that their health insurance costs had doubled.)

Nevertheless, even with the enactment of SB125, the increasing cost of health care is likely to drive premiums higher. A task force was established, "Sustaining New Hampshire's Health: A Citizen's Initiative." The task force hopes to recommend alternative ways to finance health care in the state. It's too soon to tell what the effects of SB125's passage will be.

New Businesses in New Hampshire

The number of newly incorporated and new limited liability companies (LLCs) expanded in 2004. These companies register with the Corporate Division of the Office of the Secretary of State. There were 2,613 new incorporations and 8,012 new LLCs. Another function of the Corporate Division is trade name registrations. Those rose by 10.4 percent in 2004.

According to data on establishments covered by unemployment compensation, there were almost 300 more firms (accounts) in 2004 than in 2003. New firms (business "births") exceeded terminated firms (business "deaths") by 549.

6. Private Enterprise

In 2004, private covered employment increased by 8,467 jobs, a rise of 1.7 percent over-the-year. The latest data from 2005 shows a gain of 4,834 jobs.

The change in the number of private firms with employment went up 2.0 and 3.0 percent, respectively, for 2004 and 2005, reversing the negative trend of the prior two years. The share of total employment by firm size remained steady, except for those entities employing 500 or more workers.*

Manufacturing

The manufacturing industry is still an important facet of the state's economy despite its decline over the last several years. Manufacturing comprises 15.0 percent of total private nonfarm employment,

* Firm by size (FBS) data relates to covered employment and is taken from March each year as a common reference point.

down from 19.0 percent five years ago. Manufacturing employment dove steeply from 2001 to 2003, but has leveled off since then.

July 2005 exports of manufactured goods were at the highest values since July 2001. Further globalization of state manufacturers creates jobs directly in the exporting plants as well as in companies that contribute to the final preparation of goods shipped abroad.² The state has a special office, the International Trade Resource Center (ITRC), at the Pease International Tradeport in Portsmouth. The ITRC provides a range of programs designed to help businesses access trade resources from various specialties under one roof. The Center arranges for networking, directories of businesses, and special training sessions. One example of such training was an export marketing and

research skills event held at the ITRC.

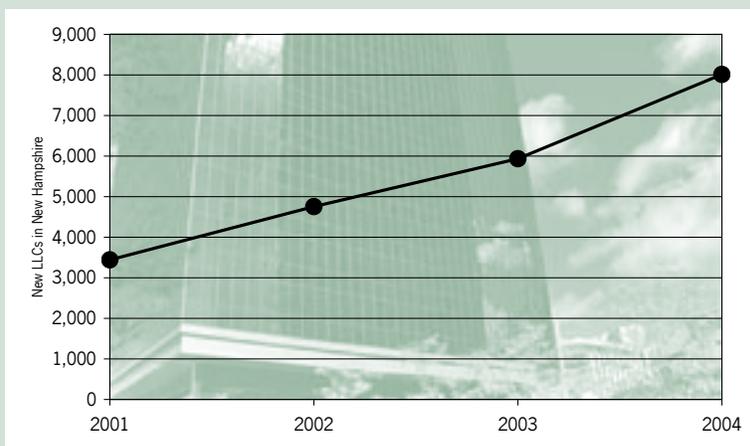
Small Business Aspects

The Small Business & Entrepreneurship Council publishes its Small Business Survival Index each year.³ The index ranks the policy environment for entrepreneurship in the U.S. The latest index (i.e. 2005) integrates 26 major government-related costs that impact small businesses, such as personal income taxes, corporate income taxes, property taxes, unemployment tax rates, and workers' compensation costs. States were ranked from friendliest to least friendly. New Hampshire was ranked 20th for 2005, relatively strong, for small business survival. However, it ranked fourth in 2003 and fourteenth in 2004. Interestingly enough, all of the other New England states ranked in the lower half, three years in a row. For 2005, all of the other states in the region except Connecticut ranked in the bottom fourth.* New Hampshire fell in the rankings partly because of other states rising to a greater degree in some categories relative to the Granite State, plus the state did not fare well in the new categories included in the 2005 index (i.e. health care factors).

Some criteria mentioned above included personal income taxes, corporate

* The number of factors has grown each year. There were 21 factors in 2003, 23 in 2004, and 26 in the 2005 index.

The number of new Limited Liability Companies in New Hampshire has risen dramatically since 2001



6. Private Enterprise

income taxes, property taxes, unemployment tax rates, and workers' compensation costs. New Hampshire obviously ranked tied for first in personal income taxes since there is no such tax in the Granite State. The state ranked in the second tier regarding corporate tax rates. New Hampshire

ranked lower than every state except neighboring Maine for property taxes. The state ranked very high (i.e. seventh) for unemployment tax rates. Workers' compensation rates hurt New Hampshire's standing, with a ranking of 40th in the country.

Scott Gessis

¹ "BIA Announces 2006 Issues Agenda." *BIA Newsroom*. October 26, 2005. Business & Industry Association of New Hampshire. Accessed November 30, 2005. <www.nhbia.org/ftpsite/news/issues_agenda.htm>.

² Simos, Evangelos. "Granite State exports climb for a fifth month in a row." *New Hampshire Business Review*. October 14, 2005. NH.com. November 30, 2005. <www.nh.com>.

³ Keating, Raymond J. "Small Business Survival Index: 2005 - Ranking the Policy Environment for Entrepreneurship across the Nation." *News & Features*. October 12, 2005. Small Business & Entrepreneurship Council. October, 20 2005 <www.sbsc.org>.

Percent of Establishments with 100 or More Workers (Ranked from highest among 50 states)

	2001	2002	2003	2004	Source
New Hampshire	2.2%	2.2%	2.1%	n/a	CB/NHES
United States rank	32	32	35	n/a	CB/NHES
Connecticut	2.6%	2.6%	2.5%	n/a	CB/NHES
United States rank	13	12	13	n/a	CB/NHES
Maine	1.8%	1.9%	1.7%	n/a	CB/NHES
United States rank	43	42	46	n/a	CB/NHES
Massachusetts	2.8%	2.9%	2.6%	n/a	CB/NHES
United States rank	8	3	7	n/a	CB/NHES
Rhode Island	2.2%	2.2%	2.2%	n/a	CB/NHES
United States rank	31	31	31	n/a	CB/NHES
Vermont	1.6%	1.7%	1.5%	n/a	CB/NHES
United States rank	46	46	48	n/a	CB/NHES

New Firms

	2001	2002	2003	2004	Source
New incorporations in New Hampshire	1,727	1,679	1,737	2,613	SOS
Out-of-state incorporations new to New Hampshire	1,244	1,046	1,380	1,787	SOS
New Limited Liability Companies (LLC) in the state	3,443	4,755	5,937	8,012	SOS
Out-of-State LLCs new to the state	367	291	486	674	SOS

High Tech by NAICS

	2001	2002	2003	2004	Source
Average annual number of employing units	3,654	3,532	3,500	3,603	NHES
Average annual employment	63,770	54,362	51,331	52,882	NHES
Total wages (millions of dollars)	3,698	3,264	3,200	3,471	NHES
Average weekly wages	1,115	1,155	1,199	1,262	NHES

6. Private Enterprise

Firms by Size^a

	2001	2002	2003	2004	Source
Total Number of Firms with employment	33,242	32,837	32,803	33,461	NHES
1 - 4 employees	18,897	18,616	18,681	19,109	NHES
5 - 9 employees	6,299	6,213	6,120	6,238	NHES
10 - 19 employees	3,796	3,784	3,853	3,932	NHES
20 - 49 employees	2,594	2,636	2,588	2,576	NHES
50 - 99 employees	882	871	846	863	NHES
100 - 249 employees	517	471	483	506	NHES
250 - 499 employees	152	147	133	137	NHES
500 - 999 employees	63	61	59	64	NHES
1,000 & over employees	42	38	40	36	NHES
Net Annual Change in Number of Firms	599	-405	-34	658	NHES
Net Annual Change in Number of Employees	9,250	-14,295	-4,670	8,467	NHES
1 - 4 employees	316	-170	89	753	NHES
5 - 9 employees	718	-697	-344	685	NHES
10 - 19 employees	1,307	-319	980	1,007	NHES
20 - 49 employees	1,128	651	-1,358	-749	NHES
50 - 99 employees	-139	25	-2,227	550	NHES
100 - 249 employees	5,210	-5,798	2,235	2,320	NHES
250 - 499 employees	-1,839	-2,036	-3,714	2,345	NHES
500 - 999 employees	-185	-650	-2,993	4,385	NHES
1,000 & over employees	2,734	-5,301	2,662	-2,829	NHES
Percent of Total Employment (by size of firm)					
1 - 4 employees	7.1%	7.2%	7.3%	7.3%	NHES
5 - 9 employees	7.9%	8.0%	8.0%	8.0%	NHES
10 - 19 employees	9.8%	10.0%	10.3%	10.3%	NHES
20 - 49 employees	15.0%	15.5%	15.4%	15.0%	NHES
50 - 99 employees	11.5%	11.8%	11.5%	11.4%	NHES
100 - 249 employees	14.7%	14.0%	14.5%	14.8%	NHES
250 - 499 employees	10.0%	9.9%	9.3%	9.6%	NHES
500 - 999 employees	8.2%	8.3%	7.7%	8.5%	NHES
1,000 & over employees	15.8%	15.2%	15.9%	15.1%	NHES

^a Firms by size numbers are based on March covered employment data, in each calendar year.

New & Terminated Firms Covered by Unemployment Compensation

	2001	2002	2003	2004	Source
New firms	5,543	5,746	5,652	5,950	NHES
Terminated firms	5,264	5,418	4,598	5,401	NHES

7. Transportation & Traffic

In 2005, a major milestone was realized with the long-awaited Federal approval for the I-93 widening project between Salem and Manchester



Alidous Huxley said, "There are things known, and there are things unknown, and in between are the doors of perception". As far back as the 1970's, energy experts have been advising people to "drive 55" to save fuel. For every mile per hour faster than 55 mph, fuel economy drops by about one percent.¹ At speeds exceeding 65 mph, fuel loss increases at an even faster rate. In fact, the Department of Energy says that on the highway, every 5 mph you drive over 65 mph represents a seven percent decrease in fuel economy.² Through the "doors of perception", it appears that most folks haven't been following that advice. Despite the high gasoline

prices of 2005, our roadways and highways still display the same traffic activities, showing no apparent decrease in miles per hour. In the words of Warren Brown, "I figured that people might cool their hot-tempered highway habits, if only to save money on fuel. I must have been inhaling gasoline fumes to think something so silly."³

Gasoline Prices

A look at a small segment of our gas price history illustrates the problem that consumers have had to deal with over a short period of time. According to the Energy Information Administration⁴, New England's average price for regular grade gas was at \$1.91/gallon in the first week of September 2004. By

September 2005, anticipation of damages caused by the Gulf Storms generated the immediate spike in gasoline prices to \$3.29/gallon. This represented a 72 percent increase over-the-year.

Approximately half of that increase occurred in just one month, going from \$2.31 in the first week of August 2005 to \$3.29 in the first week of September 2005, representing a 42 percent increase. As access to oilrigs and refineries was regained, and the ability to evaluate actual damages was realized, prices started to decline.

E-ZPass Electronic Toll Collection

The year 2005 also brought a major change in the operation of New Hampshire toll roads, with the implementation of the E-ZPass electronic toll collection system. The system allows drivers to utilize a small electronic device called a transponder, attached to their vehicle, to automatically deduct their prepaid, discounted tolls as they pass through the toll lane. Implementation of the system began in mid 2005, with a sign-up date of June 20. As of that date, motorists were able to enroll in the new system by Internet or telephone from anywhere in New Hampshire, or by "walk-in registration" at selected locations in the state.

Average gas price in New England spiked to about \$3.30 per gallon around Labor Day weekend



7. Transportation & Traffic

Initially, the transponders sold for \$5.00 each up to four per account. A prepaid toll deposit of \$30.00 (\$60 for 3 or 4 transponders) was required.⁵ The advantage of the E-ZPass is a smoother, time-saving flow of traffic. Motorists are now able to travel through the toll gates at 10 mph, without coming to a complete stop.

The first opportunity to actually use the system came on July 11, as the Hooksett and Bedford Tolls began processing E-ZPass transactions. By the following week, the Merrimack tolls began accepting the E-ZPass. Beginning in August, the Hampton Tolls were brought on board, and by mid-August, the Dover and Rochester Tolls went online, thereby completing the implementation that began just one month earlier.

Roadways, Bridges, & Highways

The New Hampshire Department of Transportation's Annual Report, for fiscal year 2004, recorded a number of major roadway and bridge construction projects that were completed over the year.⁶ Among those mentioned were:

- The rehabilitation of an eight-mile section of I-93 from Plymouth to Thornton.
- Construction of a new steel arch bridge on NH Route 9 over the Connecticut River in Chesterfield.

- The widening and reconstruction of NH Route 112 in Easton and Woodstock.
- The reconstruction of US Route 3 in Hooksett.
- Noise abatement soundwalls constructed along I-93 in Manchester and Auburn.

The Bureau of Highway Maintenance improved approximately 442 miles of highway and completed over 6,500 tons of additional asphalt work, including roadway shimming and intersection improvements.⁷

In 2005, a major milestone was realized with the long-awaited Federal approval for the I-93 widening project between Salem and Manchester, one of the largest construction projects in New Hampshire history.⁸ Approval was announced June 28, 2005.⁹ The goal of this huge undertaking is to improve both the safety and capacity of Interstate 93 between Salem and Manchester. The project will reconstruct and widen the highway from two to four lanes in each direction. Five interchanges will be reconstructed and reconfigured, and 40 bridges will be replaced or reconstructed. Additional park-and-ride facilities will be built to provide bus service at exits 2, 3, and 5. The project also includes preserving space in the median for potential future light rail or transit opportunities, and \$3.5 million will be utilized to help

communities with technical planning assistance.¹⁰

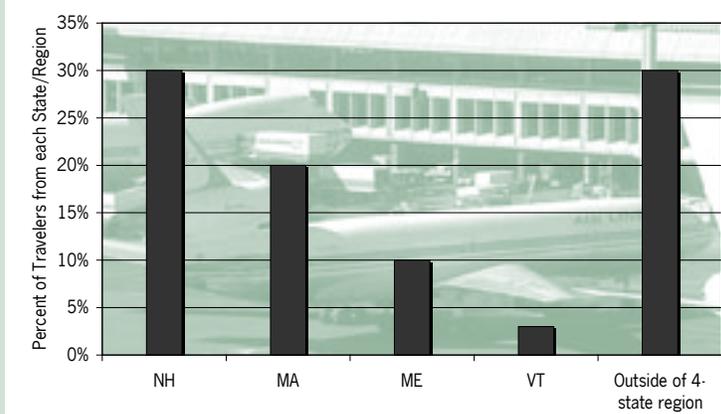
The construction timetable of the \$440 million project will be accelerated from 11 to 6 years. Projects associated with it, such as the construction of a facility to improve the Exit 4 park and ride, could begin as early as mid 2006. Major work is not scheduled to begin until the start of 2007.¹¹

Add to this already full load of scheduled work, the flash flooding of October 11, 2005 in central and southwestern New Hampshire which killed seven and destroyed more than a dozen homes in Alstead. These floods left parts of Keene under water and made Route 128 impassable. This sent crews scrambling to get as much road repair work done as possible before winter. By mid-October, the state estimated it would take \$25 million to repair the flood-damaged roads.¹² Transportation Department officials said some roads had been repaired or replaced with temporary structures, but added that repairs wouldn't be complete until spring (2006).¹³

Air Transportation

Despite the announcement that Independence Air would cease operations at Manchester Airport, the Airport continues to expand and grow, becoming a true regional airport. Current figures show that 70 percent of its travelers come from Maine, Massachusetts,

Manchester Airport is serving customers mainly from within the region



New Hampshire, and Vermont, (over half of these from New Hampshire), and the remaining 30 percent are travelers flying in from outside the region, to access New England. A recent report released by the USDOT shows that Manchester-area travelers now pay some of the lowest airfares in the country.¹⁴ According to airport officials, the drop in fares really began in 1998, largely due to competition sparked by the arrival of newer discount airlines.

Passenger Activity

A few of the airport's "activity" milestones over-the-year are as follows:

- Manchester Airport surpassed 4 million passengers in 2004.
- The airport reported an 11.2 percent increase in passenger activity in 2004.
- Passenger activity increased 16.8 percent in June 2005 compared to June 2004.

The airport passenger activity has increased in each of the past ten years, Massachusetts has been the fastest growing market. In 1998, fewer than 50,000 passengers came from Massachusetts. By 2004, the number of Massachusetts air travelers using Manchester Airport had increased to more than 800,000.¹⁵

Airline Service and Cargo Service

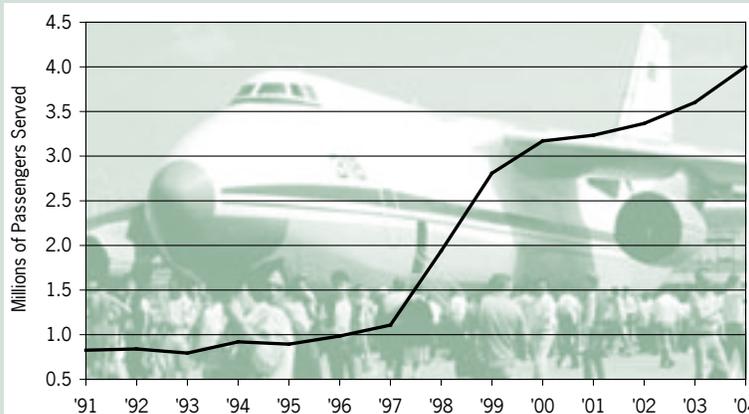
Along with the six major Airlines providing passenger service to Manchester, the Airport continues to pursue additional airlines, new nonstop destinations and increased frequency of flights. Additionally, three major cargo airlines operate facilities at Manchester, and are among the biggest employers at the Airport. Manchester is the third largest cargo airport in New England, surpassed only by Boston's Logan Airport, and Bradley Field, in Connecticut.¹⁶

Still another low-cost flight alternative in New Hampshire can be found at Pease International Airport, which began offering non-stop passenger service out of Portsmouth to Orlando, Florida as of August, 2005.

Railways

Rail travel has been steadily increasing in popularity as

Since 1996, passenger activity at Manchester Airport has quadrupled



7. Transportation & Traffic

a transportation option. The Amtrak Downeaster operates four round-trips daily between Portland, Maine and Boston North Station, making stops in Dover, Durham, and Exeter along its way. Between August 2004 and August 2005, there were significant increases in both ridership and revenues for the Downeaster.¹⁷ Ridership increased by 19.6 percent, over the year, reaching 28,678 passengers, its highest level since August 2002. Revenues also increased by 15.4 percent, reaching just shy of \$400,000.

In addition to offering commuter service, the Downeaster is now in its third year of providing a limited program of discounted round trip rates for student and youth groups traveling to Boston from any Downeaster station.

For other travelers in the Northeast Corridor, Amtrak's Vermonter runs daily between Washington, DC and St. Albans, Vermont. New Hampshire riders can board the train in Claremont.

Another alternative may become available because the Department of Transportation is working with the City of Nashua, Nashua Regional Planning Commission and others to extend the Massachusetts Bay Transportation Authority commuter rail system from Lowell, Massachusetts to Nashua over the next few years.¹⁸

Waterways

The state's Marine Patrol Bureau is divided into three sections, Operations, Aids to Navigation, and Boater Education Program. The Bureau provides a comprehensive marine safety enforcement program, places over 5,000 aids to navigation, and offers boater education for all recreational and commercial boat operators.

Water Freight

Portsmouth Harbor continues to increase the amount of freight that passes through the port every year. According to "Tonnage for Selected U.S. Ports in 2003", a report produced by the US Army Corps of Engineers, Portsmouth Harbor ranked 76th among 150 surveyed ports. Over the course of 2003, a total of 4.9 million tons passed through the harbor, 83 percent of which was from foreign sources. This was an increase of more than 863,000 tons over 2002.¹⁹

Portsmouth has a proud heritage as a working harbor, spanning 300 years of service to the shipping community, and is distinguished as one of the oldest working ports in the United States. Vessels of all types have *put in at the port*, including general-purpose liners, bulk carriers, passenger ships, container carriers, feeder vessels, barges, and U.S. Navy ships.²⁰

Peter Sgrulloni

¹ Cabanatuan, Michael. "No one wants to drive 55." San Francisco Chronicle (reprinted in the New Hampshire Union Leader). October 20, 2005: pg. A1.

² Mello, Tara Baukus. "Top 10 Tips for Improving Your Fuel Economy." Top 10 Lists. Edmunds. Accessed October 5, 2005. <www.edmunds.com/reviews/list/top10/103164/article.html>.

³ Brown, Warren. "Aggressive Drivers Oblivious to High Fuel Prices." washingtonpost.com. August 21, 2005. Washington Post. Accessed October 5, 2005. <www.washingtonpost.com/wp-dyn/content/article/2005/08/20/AR2005082000466.html>.

⁴ New England Weekly Retail. September 2005. U.S. Department of Energy, Energy Information Administration. Accessed September 2, 2005. <tonto.eia.doe.gov/oog/ftparea/wogirs/xls/pswrgvvrne.xls>

⁵ Almasy, Al. "Sign-up Begins for E-ZPass Electronic Tolling in New Hampshire." Department News Releases. June 19, 2005. State of New Hampshire, Department of Transportation. Accessed September 23, 2005. <www.nh.gov/dot/media/nr.htm>.

⁶ Annual Report. State of New Hampshire, Department of Transportation. Fiscal Year 2004: pg 3.

⁷ *ibid.*

⁸ "Interstate 93 Improvement Project Gets the Federal Green Light to Proceed." On the Move. State of New Hampshire, Department of Transportation. Summer 2005: pg 12.

⁹ Cass, Bill. "I-93 Widening Project Receives Federal Highway Approval." Department News Releases. June 28, 2005. State of New Hampshire, Department of Transportation. Accessed September 23, 2005. <www.nh.gov/dot/media/nr.htm>.

¹⁰ *ibid.*

¹¹ *ibid.*

¹² "New Hampshire starts to dry out from rain." New Hampshire Union Leader. October 18, 2005: pg A2.

¹³ *ibid.*

¹⁴ Airport Highlights 2004-2005. Manchester Airport. 2005.

¹⁵ *ibid.*

¹⁶ Farren, Michael. Manchester Airport Administration. "Re: Manchester Airport." Phone interview and e-mail summary. September 7, 2005.

¹⁷ "Performance Report, August 2005." Performance/Statistics. August 2005. Northeast New England Passenger Rail Authority. Accessed 9/29/05. <www.thedowneaster.com/authority_overview.php>.

¹⁸ Rail. September 2005. New Hampshire Department of Transportation Bureau of Rail and Transit. Accessed September 30, 2005. <webster.state.nh.us/dot/bureaus/railandtransit/RailInfo.htm>.

¹⁹ "Tonnage for Selected U.S. Ports in 2003." Navigation Data Center. January 25, 2005. U.S. Army Corps of Engineers. Accessed October 3, 2005. <www.iwr.usace.army.mil/ndc/wcsc/portton03.htm>.

²⁰ "Global Trade." Relocation Information. October 2005. Greater Portsmouth Chamber of Commerce. Accessed October 3, 2005. <www.portsmouthchamber.org/Peasetradeport.cfm>.

7. Transportation & Traffic

Highway Traffic - Annual Totals

	2001	2002	2003	2004	Source
Interstates, NH - Mass. State line					
(thousands, from traffic counters, Salem & Seabrook)	70,103	72,954	n/a	73,027	DT
Annual percent change	0.0%	4.1%	n/a	n/a	DT/NHES
Rural traffic, annual percent change	1.9%	2.9%	1.2%	1.0%	DT
Annual vehicle miles (millions of miles)	13,433	13,711	14,251	14,701	RTDS
Annual percent change	1.3%	2.1%	3.9%	3.2%	RTDS/NHES

Registrations, Licenses, and Fuel Consumption

	2001	2002	2003	2004	Source
Vehicle Registrations					
Passenger Vehicles	1,136,532	1,162,238	1,189,605	1,218,631	ISDS/NHES
Annual percent change	6.4%	2.3%	2.4%	2.4%	ISDS/NHES
Commercial Vehicles	171,180	181,508	188,595	198,964	ISDS/NHES
Annual percent change	3.8%	6.0%	3.9%	5.5%	ISDS/NHES
Persons per passenger car (population/#vehicles)	1.1	1.1	1.1	1.1	ISDS
Total driver licenses on issue	948,863	926,974	979,316	991,796	ISDS
Annual percent change	0.2%	-2.3%	5.6%	1.3%	ISDS/NHES
Boat Registrations	101,000	101,452	101,634	101,703	ISDS
Annual percent change	3.2%	0.4%	0.2%	0.1%	ISDS/NHES
Motor Fuel Consumption (fiscal year)					
Millions of gallons of gasoline and diesel fuel	799	820	843	870	RTDS
Annual percent change	2.1%	2.6%	2.8%	3.2%	RTDS/NHES

7. Transportation & Traffic

Aircraft Travel

	2001	2002	2003	2004	Source
Manchester Airport					
Total Passengers	3,233,555	3,366,834	3,601,661	4,003,307	MA
Annual Percent Change	2.0%	4.1%	7.0%	11.2%	MA/NHES
Enplanements	1,631,331	1,690,158	1,802,385	2,004,122	MA
Annual Percent Change	2.7%	3.6%	6.6%	11.2%	MA/NHES
Deplanements	1,602,224	1,676,676	1,799,276	1,999,185	MA
Annual Percent Change	1.3%	4.6%	7.3%	11.1%	MA/NHES
Air Cargo (Tons) ^a	83,260	90,671	80,547	81,040	MA
Annual Percent Change	-0.3%	8.9%	-11.2%	0.6%	MA/NHES

^aDoes not include air mail

Portsmouth Harbor Freight Traffic (000 short tons)

	2001	2002	2003	2004	Source
Total	4,447	4,108	4,971	n/a	USACE
Annual percent change	-0.3%	-7.6%	21.0%	n/a	NHES
Domestic	574	631	674	n/a	USACE
Annual percent change	-30.3%	9.9%	6.8%	n/a	NHES
Foreign Imports	3,792	3,398	4,113	n/a	USACE
Annual percent change	6.2%	-10.4%	21.0%	n/a	NHES
Foreign Exports	81	79	160	n/a	USACE
Annual percent change	26.6%	-2.5%	102.5%	n/a	NHES
Canadian percent of Foreign Imports	48.9%	54.6%	n/a	n/a	NHES

Postal Service

	2001	2002	2003	2004	Source
First handling pieces - Manchester and Portsmouth Post Offices					
(millions) (FY ending 9/30)	1,043.2	1,040.0	1,075.3	1,057.3	USPS

8. Energy

The great gasoline “crisis” of 2005 turned out to be less than a crisis



Americans watched with horror as hurricanes devastated the Gulf Coast region in the late summer and early fall of 2005. Hurricanes Katrina and Rita damaged two million barrels of refinery capacity in the Gulf Coast in a severe blow to the energy industry.¹ Fears about further disruption to supplies sent prices of crude oil to over \$65 per barrel in September. Then as imports made up some of the lost production and refineries came back on line, they slowly started to decline.

After years of high prices, though not as high in real terms as in the late 1970s, gasoline reached all-time highs in real terms for a

brief period before settling down. Prices, throughout the fall, behaved like a roller coaster, peaking at nearly \$3.49 per gallon in some locations, in New Hampshire, during Labor Day weekend, according to the American Automobile Association (AAA) fuel price survey for that week.

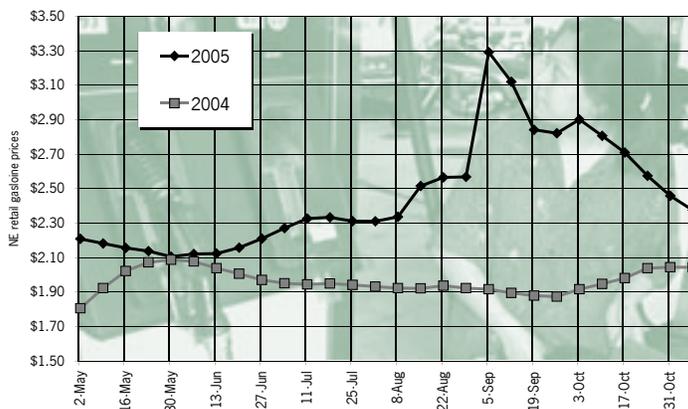
Gasoline prices in New Hampshire were lower than the national average in November 2005 at an average price of \$2.288 per gallon compared to a national average of \$2.352 (based on data from AAA). That price is just a snapshot in time. Prices can vary from location to location within the state and at different times during the week.

Supply and demand situations, familiar to all students of economics, were clearly evident over Labor Day weekend, when the price of gasoline in some locations in the state approached \$3.50 per gallon. As supplies of gasoline reentered the market and the prime driving season ended, prices fell back to nearly normal levels and by mid November, were actually under two dollars a gallon in some locations in the state. The Gulf Coast natural disasters affected the supply side, but the underlying problem related to the demand side may not go away soon.

A major reason for the increased demand for fossil fuels is the growing economies of China and India. An article in the June 2, 2005 issue of the Economist magazine revealed this startling statistic: car sales in China are expected to grow by 10-20 percent annually for the next several years. Considering all the other effects of increased economic activity – industrial production, home heating, electrification – demand will continue to grow in China and other Asian countries.²

Higher energy prices can affect the state in a variety of ways. Lower income families

Gasoline prices in September 2005 spiked higher than the same period in 2004



8. Energy

are affected more as they tend to use a greater proportion of their income on energy. School districts need to budget more for heating and to operate school buses. For all consumers, money spent on energy is less money that can be spent elsewhere. In the short-term, it is difficult to gauge the effect of the recent spike in energy prices on the state's economy, as only preliminary data had been collected as of December.

Electricity

Electricity is fungible. You don't know if the electricity powering your lights and appliances at this moment is produced by nuclear, fossil, or some other fuel. Whatever the source, the electricity enters the power grid and flows through transmission and distribution lines to homes, businesses, and other customers. Electricity can be produced by burning coal, oil, natural gas, wood or by hydro power, where water moves the turbines. In New Hampshire, most electricity generation has a fossil fuel, mostly coal, as the prime source.

Fuel is purchased from many sources under contracts with complex conditions. Sometimes, the fuel cost is beyond the utility's control. A utility is at the mercy of unusual events such as those that occurred in 2005. Heavy rains at a South American coal mine caused disruptions to supply from that area, and a rock slide at another mine in Virginia caused

that location to shut down. Public Service Company of New Hampshire (PSNH) was forced to purchase coal on the spot market where prices are more expensive. The additional cost, which will be eventually borne by the utility's customers, was estimated at \$10 million.³

Following standard procedure, PSNH filed a rate request with the New Hampshire Public Utilities Commission (NHPUC) for an increase of 7.34 cents per kilowatt hour, citing these costs, along with some proposed decreases. The Commission held hearings and granted an increase of 7.24 cents. The process will be repeated in February, when another hearing will be opened, and the utility will be allowed to make its case for any additional rate increases or, perhaps, even a decrease, if fuel costs are lower than anticipated.⁴

When the cost of the fuel used to generate electricity changes in price, the utility does not pass it on to customers immediately. There is a normal regulatory lag between the price change and the rate the customer ultimately sees on a monthly statement from the utility. The above example is one case where a utility went before the NHPUC, as provided by state law, for rate increases to recover fuel costs used to produce electricity. Electric rates are a very complicated issue, but put simply, a utility's profit

is based on a rate of return on their invested capital, plus reasonably incurred expenses. Utilities do not make a profit on fuel charges: there is no "markup" as with a gasoline retailer.

The situation was similar for the state's second-largest utility, Unitil, the parent company of Concord Electric, when they submitted a request for a rate increase for its largest customers, blaming it on the spike in oil and gas prices, due in part to hurricanes. As the utility has no generating facilities of its own, it must buy its power on the open market where it competes with other buyers of the same inputs and would have no guarantee of getting a favorable price. In this way, it is more vulnerable to price changes than a utility with its own generating facilities.

These cases illustrate one major point of electric rates.

States with the highest average electric rates

Rank	State	Price (¢/KWH)
1	Hawaii	16.73¢
2	New York	14.31¢
3	Vermont	12.82¢
4	Maine	12.37¢
5	California	12.00¢
6	Arkansas	11.98¢
7	New Hampshire	11.98¢
8	Massachusetts	11.68¢
9	Rhode Island	11.62¢
10	Connecticut	11.31¢

Source: Energy Information Administration, US Department of Energy

It may take a period of time before a customer sees the effect of fuel costs because of the regulatory lag time and the utility requirements to prepare and file a case for a rate increase with the Public Utilities Commission.

In 2003, the average price of electricity in New Hampshire was 11.98 cents per kilowatt hour, according to statistics from the Energy Information Administration of the US Department of Energy. That was high enough to make it the seventh most expensive state. New Hampshire joins other New England states in the distinction of having high electric rates.

The high price of electricity did not stop customers in New England from using power at record levels for a given moment during the summer of 2005. High temperatures prompted new peaks in usage as seven of the top recorded megawatt

demand peak days occurred in that summer. On July 27th, in the midst of one heat wave in New England, demand for electricity peaked at nearly 27,000 megawatts according to the Independent System Operator (a more normal summer day would see demand of about 15,000 megawatts). Air conditioning load was a major contributor to the demand for electricity on that day and other days. When a high peak is expected, utilities may ask customers to voluntarily curtail their consumption of energy. That action is usually enough to avoid a blackout, or a brownout (where the power stays on, but at a reduced capacity). Utilities are continuously monitoring usage, because at the peak they may have insufficient capacity on their own system and may need to buy power on the (usually) more expensive spot market. In that respect, electricity is just like any other commodity

in regard to price response to supply and demand conditions.⁵

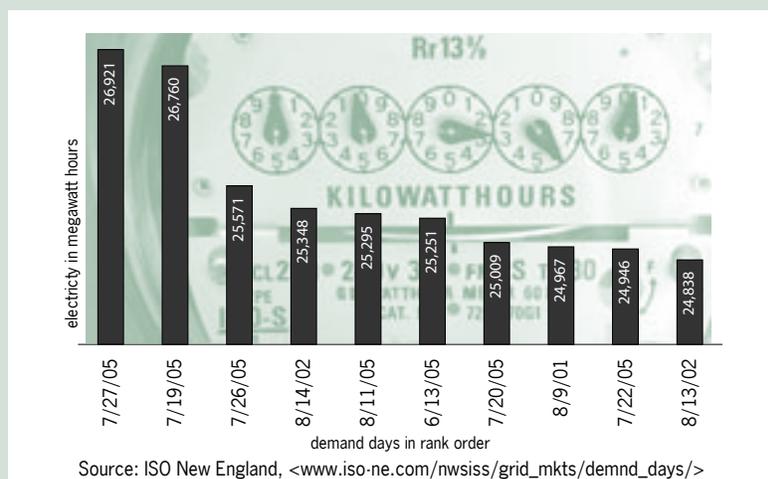
Assistance for low-income families is provided by a surcharge on electric bills paid by customers in the state. Utilities work with six Community Action Agencies throughout the state to identify customers eligible for assistance.

Natural Gas

Hurricanes disrupted production of natural gas from the Gulf of Mexico region this year and drove up prices, particularly in North American markets. Gas utilities in the state, preparing to meet the demands of the peak winter heating season, attempted to put together a diverse portfolio of long- and short-term contracts and filled underground storage and onsite peaking facilities, hoping to maximize reliability and minimize price volatility to consumers. Because natural gas is a commodity that trades on world markets, it is subject to the laws of supply and demand. In the fall of 2005, both factors were contributing to higher prices than 2004.

Effective in November of 2005, natural gas prices for many New Hampshire consumers will be significantly higher than during the previous six months. In a routine cost of gas hearing, before the NHPUC, the state's largest gas utility was granted the right to raise residential

Summer 2005 was a hot one as demand for electricity hit record megawatt peaks in New England



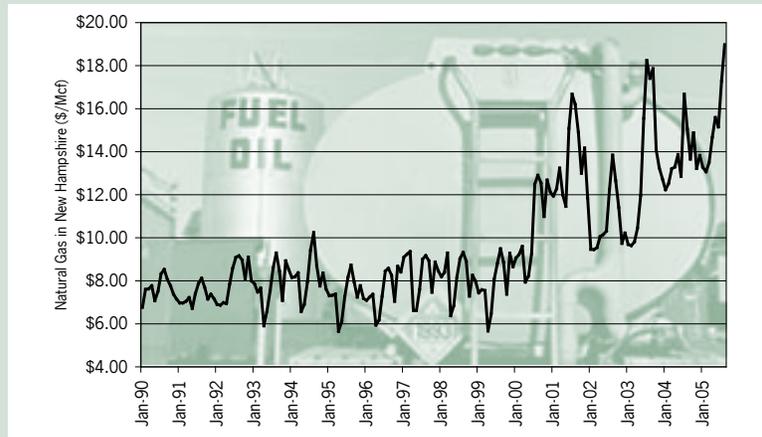
8. Energy

and commercial gas rates to compensate for the increased cost of purchased natural gas. The utility testified that gas costs are higher than last winter, and the projected price of natural gas on the spot market is also substantially higher this year. Similar to electric utilities, gas companies do not make a profit on the increased cost of gas, but merely pass the cost on to the consumer. Other smaller gas utilities were also granted rate increases.

The gas charge, also known as a commodity charge, includes the cost of pipeline transportation and underground storage. There is another component to gas rates that is relatively stable, known as the delivery charge. It pays for the local distribution of gas through local pipelines. A typical residential heating customer's annual gas cost is roughly 30 percent delivery charges and 70 percent commodity charges according to the NHPUC.

To make it easier to transport in large volumes, gas is cooled from a vapor to very low temperatures (-260°F) and condensed in volume by a factor of approximately six hundred. This is known as Liquefied Natural Gas (LNG). At the import terminals, the liquefied gas is reheated back into vapor, where it is injected into pipelines for distribution to utilities, homes, and businesses.

Natural gas in New Hampshire reached record high in August 2005, a possible sign of high prices in winter



Home heating oil is made from petroleum distillate that is also used to produce diesel fuel. Gasoline requires further refinement and, therefore, tends to cost more. Like gasoline, changes in the price of crude oil have a major effect on the price of home heating oil. Unlike electricity and natural gas providers, which are regulated by the State, customers that use home heating oil and propane do not have the protection from shutoff – a dealer can refuse to deliver to a customer for nonpayment of bills.

LIHEAP is the Low Income Home Energy Assistance Program, a block grant also known as the Fuel Assistance Program. It is funded through the U.S. Department of Health and Human Services. In New Hampshire, the Office of Energy and Planning is responsible for administering the program by contracting with six local Community Action Agencies. During the program year 2004-2005, there were 35,996 applications taken for assistance and 30,146 were certified. The average benefit amount provided per family was \$573.

LIHEAP is a program that depends on the distribution of federal funds. There is no guarantee of the amount of funding, so state legislators provided a contingency to ease the burden of winter fuel prices. A special resolution was passed in mid November that authorized up to \$10 million in emergency fuel assistance to low-income

families should the US Congress underfund LIHEAP during the winter months.⁷

If trends prevail, this heating season, oil will be more expensive than last year, but compared to natural gas, it will be lower for the equivalent amount of heating capacity. Electric heating, ironically, has seen lower percentage increases, at least this year. That may be short-lived; when utilities that are currently under long-term contracts come up for renewal, the prices may increase substantially.

The State Heating Oil and Propane Program (SHOPP) is a state program that monitors prices of heating oil and propane program based on surveys done weekly during the peak heating season (October through March). During the other months, surveys are done on a monthly basis. Average prices are posted on the Fuel Prices web page of the Office of Energy and Planning.*

Alternative Energy

Four windmills sit on top of Jericho Mountain in Berlin as the first part of a project in renewable energy, and if it is successful, there could be as many as 16 windmills added. The “wind farm” is the work of a private developer, who hopes to eventually add about 25 MW of power

* The average price was \$2.445, as of the latest available data on November 14, 2005. For further information go to <nh.gov/oep/programs/energy/fuelprices.htm>.

to the New England grid. Unlike proposals for wind power in other locations, the Berlin project has found little opposition. Concerns about noise or the impact on birds have hardly been mentioned. City officials in Berlin like the idea – the city’s tax base needs help, and wind power would be a way to demonstrate a commitment to alternative generation in the face of rising oil prices.⁸

Another wind facility is proposed in the town of Lempster in Sullivan County with a target date for completion of late 2006. Twenty windmills are proposed for this project, which will have a combined capacity of 25 to 30 MW. Currently, this project is in the permitting phase with regulatory, financial, and environmental hurdles to clear.⁹

Michael Argiropolis

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- 2 “Cars in China.” Premium Content. June 2, 2005. The Economist. Accessed November 16, 2005. <www.economist.com/countries/China/>.
- 3 “Order No. 24,498: Establishing Revised Transition Service Rate.” 2005 Electric Orders. August 1, 2005. New Hampshire Public Utilities Commission. <www.puc.state.nh.us/Regulatory/orders.htm>.
- 4 *ibid.*
- 5 Top Ten Demand Days. November 2005. Independent System Operator - New England. Accessed November 10, 2005. <www.iso-ne.com/nwsiss/grid_mkts/demnd_days/index.html>.
- 6 Wyatt, Robert. Utility Analyst III. New Hampshire Public Utilities Commission. “Re: Natural gas situation.” E-mail to author. November 29, 2005.

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7 Lovett, Celeste. Fuel Assistance Program Manager. Office of Energy and Planning. "Re: Low Income Home Energy Assistance Program." Phone conversation with author. December 12, 2005.

8 LaFlamme, Pamela. Berlin City Planner. "Re: Wind projects in Berlin." Phone conversation with author. November 14, 2005.

9 Keeley, Chris. CEI New Hampshire Wind. "Re: Lempster wind project." Phone conversation with author. November 14, 2005.

Energy Expenditures & Prices

	2001	2002	2003	2004	Source
Energy Expenditures Per Capita	\$2,485	n/a	n/a	n/a	EIA
United States rank	23	n/a	n/a	n/a	EIA
Energy Prices (\$ per million Btu)	\$13	n/a	n/a	n/a	EIA
United States rank	8	n/a	n/a	n/a	EIA
Petroleum prices (per million Btu)	\$10	n/a	n/a	n/a	EIA
United States rank	21	n/a	n/a	n/a	EIA
Electric prices (per million Btu)	\$32	n/a	n/a	n/a	EIA
United States rank	5	n/a	n/a	n/a	EIA

Energy & Fuel Consumption

	2001	2002	2003	2004	Source
Energy Consumption					
Total consumption (trillion Btu)	322.2	n/a	n/a	n/a	EIA
Annual percent change	-1.8%	n/a	n/a	n/a	EIA/NHES
United States rank	45	n/a	n/a	n/a	EIA/NHES
Types of energy consumption (percent of total)					
Residential	26.9%	n/a	n/a	n/a	EIA/NHES
Commercial	20.3%	n/a	n/a	n/a	EIA/NHES
Industrial	21.2%	n/a	n/a	n/a	EIA/NHES
Transportation	31.6%	n/a	n/a	n/a	EIA/NHES
Energy consumption per capita (million Btu)	n/a	n/a	n/a	n/a	EIA
United States rank (including D.C.)	n/a	n/a	n/a	n/a	EIA
Net Interstate flow of electricity and assoc. losses	-13,890	n/a	n/a	n/a	EIA

Fuel Consumed to Generate Electricity in equivalent barrels of oil

Total electric power industry (electric utilities and independent power producers)

New Hampshire total (thousand barrels)	20,884	22,357	29,620	32,280	NHES
Oil	992	1,299	3,581	3,383	EIA
Coal	5,030	5,005	5,259	5,355	EIA/NHES
Gas	212	334	5,114	6,353	EIA/NHES
Nuclear	14,650	15,719	15,666	17,189	EIA/NHES

8. Energy

Energy Purchased & Generated					
	2001	2002	2003	2004	Source
Electric Energy Purchased					
Sales to Ultimate Customers (million KWH)					
New Hampshire					
Total	10,316	10,490	11,006	10,949	EIA
Percent change	1.6%	1.7%	4.9%	-0.5%	NHES
Residential	3,789	4,045	4,252	4,280	EIA
Percent change	3.6%	6.7%	5.1%	0.7%	NHES
Commercial	3,912	4,014	4,260	4,348	EIA
Percent change	3.6%	2.6%	6.1%	2.1%	NHES
Industrial	2,483	2,288	2,495	2,322	EIA
Percent change	-4.4%	-7.8%	9.0%	-6.9%	NHES
New England:					
Total	118,809	116,614	122,643	123,726	EIA
Percent change	1.6%	-1.8%	5.2%	0.9%	NHES
Residential	43,161	44,411	45,953	46,819	EIA
Percent change	4.5%	2.9%	3.5%	1.9%	NHES
Commercial	51,496	49,285	52,160	52,794	EIA
Percent change	8.4%	-4.3%	5.8%	1.2%	NHES
Industrial	22,622	20,769	24,045	23,516	EIA
Percent change	-14.7%	-8.2%	15.8%	-2.2%	NHES
Net Energy Generated, New Hampshire (total electric industry) ^a					
As percentage of energy purchased (million KWH)	146.1%	152.1%	196.2%	215.5%	NHES
Coal	3,706	3,723	3,923	4,000	EIA
Hydro	991	1,141	1,331	1,300	EIA
Natural Gas	119	220	4,165	5,266	EIA
Nuclear	8,692	9,295	9,276	10,178	EIA
Petroleum	481	650	2,044	1,913	EIA
Renewables	1,085	925	856	944	EIA
As percentage of total generated by type:					
Coal	24.6%	23.3%	18.2%	17.0%	NHES
Hydro	6.6%	7.2%	6.2%	5.5%	NHES
Natural Gas	0.8%	1.4%	19.3%	22.3%	NHES
Nuclear	57.7%	58.3%	42.9%	43.1%	NHES
Petroleum	3.2%	4.1%	9.5%	8.1%	NHES
Renewables	7.2%	5.8%	4.0%	4.0%	NHES

^aTotal electric industry includes electric utilities and independent power producers.

9. Production

The Granite State's export sales to its northern neighbor totaled more than its sales to the next three largest export markets, combined.



Simply put, productivity measures how efficiently raw materials are converted into final products. Labor productivity is the ratio of the output of goods and services to the labor hours devoted to the production of that output. Multifactor productivity relates output to a combination of inputs used in the production of that output, such as labor, capital, energy, and materials. The US Bureau of Labor Statistics publishes national data on productivity, however, this data is not available for individual states.

The best available measure of a state's productivity is the Gross State Product (GSP). The GSP measures the value added to goods and services produced in a state. The state's total GSP is the sum of each of its industry's GSPs. The GSP by industry is the total gross output for that industry (sales or receipts and other operating income, commodity taxes, and inventory change) minus its intermediate inputs (consumption of goods and services purchased from other industries or imported).

Current Dollar Gross State Product

In general, a state's Gross

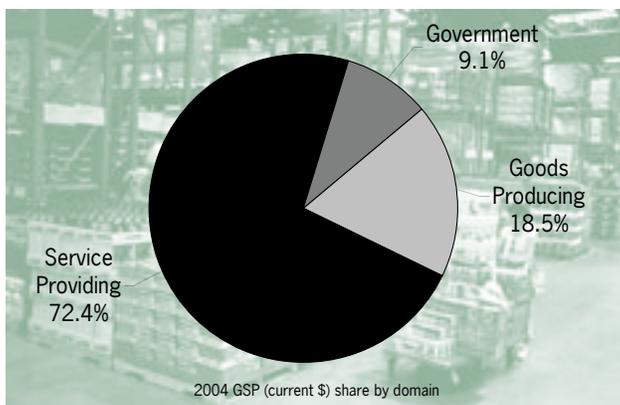
State Product (expressed in current dollars) will increase over time because it reflects both prices and quantities of products sold. As the general price level rises over time (inflation), GSP may increase even if the quantity of products being sold has not changed.

New Hampshire's Gross State Product was \$52.1 billion (in current dollars) in 2004 according to preliminary estimates from the Bureau of Economic Analysis (BEA). This was an increase of 8.0 percent over 2003.

According to BEA's Regional Economic Information System¹ employment estimates, Service-providing industries in New Hampshire accounted for 80.5 percent of total jobs in the state in 2004. Service-providing industries claimed a larger share of total gross product for New Hampshire than they did for the nation. With a total of \$37.6 billion in 2004, New Hampshire's private Service-providing industries claimed just over 72 percent of total GSP. Nationally, about 68 percent of Gross State Product came from Service-providing industries.

Likewise, the Granite State's Goods-producing

Nearly three quarters of New Hampshire's gross state product in 2004 was derived from Service-providing industries



sector in 2004 accounted for 18.0 percent of total jobs versus 15.2 percent for the US. It made up 18.5 percent of the state's total GSP in 2004, compared to the national average of 19.7 percent.

Real Gross State Product

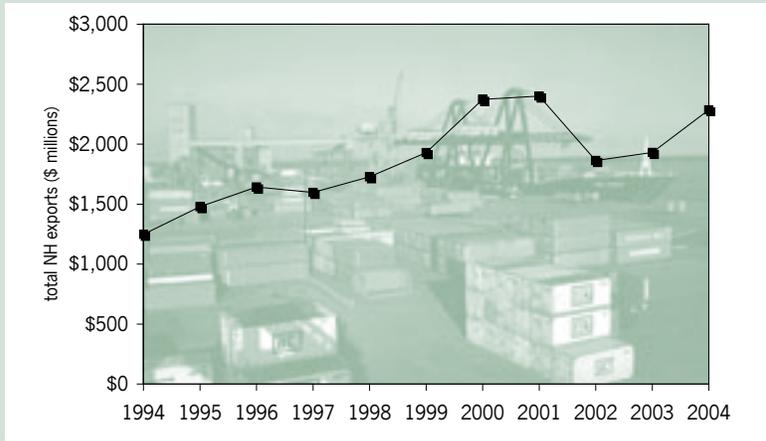
A better measure of changes over time is real (or constant dollar) Gross State Product. Real GSP has had the effects of inflation removed and captures changes in the absolute value of products being sold in the state.

New Hampshire's real GSP (based on chained 2000 dollars) was \$48.4 billion in 2004, according to preliminary estimates from the Bureau of Economic Analysis. This over-the-year growth of 5.4 percent ranked the Granite State ninth for fastest growth in GSP from 2003 to 2004. Nationally, real Gross State Product grew 4.3 percent. Looking at the

Ranking by Real GSP change New England, 2003-2004

	Change	Rank
United States	4.3%	n/a
New England	4.6%	n/a
Connecticut	4.5%	22
Maine	3.9%	32
Massachusetts	4.8%	13
New Hampshire	5.4%	9
Rhode Island	3.5%	36
Vermont	4.6%	18

New Hampshire's total export sales for 2004 approached the pre-recession level



states, Nevada came in with the fastest growth in GSP, 9.3 percent, while Michigan saw the slowest growth, 1.2 percent.

In New England, 2003 to 2004 growth in real GSP ranged from a high of 5.4 percent in New Hampshire (ranked 9th) to a low of 3.5 percent (ranked 36th) in Rhode Island.

Value of New Hampshire's Exports

The value of New Hampshire's export sales to the world totaled \$2.3 billion in 2004. Although export sales increased 18.3 percent over-the-year, it is still about five percent lower than the high of \$2.4 billion recorded in 2001.

Exports by Industry

Computer and electronic products are

New Hampshire's most lucrative export. In 1994, this industry accounted for 34 percent of the total value of the Granite State's exports or \$424.5 million. As New Hampshire entered the high tech boom, the value of exports from this industry increased as well. By 2000, exports in this industry accounted for 42.1 percent of the total value of exports, a whopping \$999 million!

High tech industries across the nation were hit hard by the 2001 recession. New Hampshire was no exception. Partly driven by this, the value of exports from the Computer and electronic products manufacturing industry dropped by more than 40 percent from its peak in 2000 to \$570 million in 2002. This accounted for only 30 percent of the total value of exports in 2002.

9. Production

Top 10 New Hampshire Exports by NAICS (2004 rank order)

Code	Description	2001	2002	2003	2004
	Total All Industries	\$2,401,032,490	\$1,863,287,991	\$1,931,411,721	\$2,285,589,133
334	Computer And Electronic Products	\$884,570,158	\$569,545,898	\$613,787,956	\$751,137,023
333	Machinery, Except Electrical	\$466,493,896	\$385,298,421	\$388,636,979	\$449,211,383
335	Electrical Equipment, Appliances, And Component	\$205,115,576	\$99,713,688	\$94,675,016	\$123,542,502
339	Miscellaneous Manufactured Commodities	\$67,082,577	\$74,610,676	\$81,085,597	\$93,096,730
326	Plastics And Rubber Products	\$60,793,632	\$66,662,748	\$62,107,087	\$73,738,207
325	Chemicals	\$143,222,647	\$96,960,065	\$101,947,140	\$79,454,332
322	Paper	\$29,768,212	\$29,356,883	\$42,502,625	\$48,234,417
910	Waste And Scrap	\$5,986,597	\$12,734,678	\$30,986,828	\$69,199,801
336	Transportation Equipment	\$59,824,521	\$77,861,316	\$81,226,600	\$91,818,468
313	Textiles And Fabrics	\$21,493,495	\$24,745,001	\$28,253,564	\$35,410,039

Total high tech export sales dropped by \$537.7 million over-the-year to total \$1.86 billion in 2002, an over-the-year decline of 22.4 percent. In 2003, export sales rebounded

slightly with an increase of about four-percent.

As the state began to recover from the recession, the value of exports from Computer

and electronic products gradually increased. In 2004, this industry accounted for about one-third of the state's total value of exports or about \$752 million.

New Hampshire Export Sales to Top 10 Countries (2004 rank order)

	2001	2002	2003	2004
Total Exports (\$ millions)	\$2,401.0	\$1,863.3	\$1,931.4	\$2,285.6
Canada	593.9	514.3	506.0	541.0
Japan	198.2	126.8	138.5	200.6
United Kingdom	365.6	163.5	160.0	167.3
Germany	143.4	128.4	108.6	143.5
Netherlands	82.3	90.1	127.8	138.2
China	48.6	42.0	73.3	101.9
Mexico	81.8	63.7	84.8	94.1
Korea	28.6	55.2	43.4	72.1
Hong Kong	82.5	50.1	66.3	71.2
Italy	52.2	65.6	54.2	63.1
Sum of Top 10	1,725.5	1,294.8	1,372.4	1,646.9

Source: World Institute for Strategic Economic Research (WISER) and US Census Bureau, Foreign Trade Division

Exports by Country

In 2004, Canada continued to be New Hampshire's most important trading partner, claiming nearly one-quarter of the state's total export sales. In fact, the Granite State's export sales to its northern neighbor (\$541 million) totaled more than its sales to the next three largest export markets, combined: Japan (\$201 million), the United Kingdom (\$167 million), and Germany (\$144 million).

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¹ Bureau of Economic Analysis, www.dol.gov/beat/regional/spi/default.cfm, accessed January 4, 2006

9. Production

Gross State Product (\$ Millions)

	2001	2002	2003	2004	Source
Current Dollars	\$44,394	\$46,106	\$48,202	\$52,097 ^a	BEA/PSNH
Annual percent change	1.9%	3.9%	4.5%	8.1%	NHES
Chained 2000 Dollars	\$43,691	\$44,475	\$45,874	\$48,550 ^a	BEA/PSNH
Annual percent change	0.2%	1.8%	3.1%	5.8%	NHES

^a Prototype estimate

Gross Domestic Product (\$ Millions)

	2001	2002	2003	2004	Source
Current Dollars	\$10,058,156	\$10,412,244	\$10,923,849	\$11,649,827	BEA
Annual percent change	3.2%	3.5%	4.9%	6.6%	BEA/NHES
Chained 2000 Dollars	\$9,836,571	\$10,009,433	\$10,289,220	\$10,720,296	BEA
Annual percent change	0.9%	1.8%	2.8%	4.2%	BEA/NHES

Capital Expenditures

	2001	2002	2003	2004	Source
TOTAL CAPITAL EXPENDITURES (\$ millions)	\$854.6	\$539.9	\$455.9	n/a	CB
As a Percent of Payroll					
United States	20.0%	n/a	24.2%	n/a	CB/NHES
New Hampshire	12.8%	15.8%	22.5%	n/a	CB/NHES
Connecticut	13.4%	14.7%	16.9%	n/a	CB/NHES
Maine	19.6%	20.7%	26.7%	n/a	CB/NHES
Massachusetts	13.2%	15.1%	21.7%	n/a	CB/NHES
Rhode Island	13.1%	13.3%	14.6%	n/a	CB/NHES
Vermont	16.0%	25.6%	41.1%	n/a	CB/NHES

Exports

	2001	2002	2003	2004	Source
EXPORT SALES TO THE WORLD (\$ millions)	\$2,401	\$1,863	\$1,931	\$2,286	WISER
Annual percent change	1.2%	-22.4%	3.7%	18.4%	WISER/NHES

INDUSTRY SHARE OF TOTAL EXPORTS (NAICS code)

Computer and Electronic Product Manufacturing	36.8%	30.6%	31.8%	32.9%	WISER/NHES
Machinery Manufacturing	19.4%	20.7%	20.1%	19.7%	WISER/NHES
Electrical Equipment, Appliance, and Component Manufacturing	8.5%	5.4%	4.9%	5.4%	WISER/NHES
Transportation Equipment Manufacturing	2.5%	4.2%	4.2%	4.0%	WISER/NHES
Miscellaneous Manufacturing	2.8%	4.0%	4.2%	4.0%	WISER/NHES
Fabricated Metal Product Manufacturing	4.0%	3.9%	4.0%	3.9%	WISER/NHES
Chemical Manufacturing	6.0%	5.2%	5.3%	3.5%	WISER/NHES
Plastics and Rubber Products Manufacturing	2.5%	3.6%	3.2%	3.2%	WISER/NHES
Paper Manufacturing	1.2%	1.6%	2.2%	2.1%	WISER/NHES
Leather and Allied Product Manufacturing	2.9%	1.7%	1.0%	0.7%	WISER/NHES

9. Production

Value Added

	2001	2002	2003	2004	Source
VALUE ADDED BY MANUFACTURE					
Total (\$ millions)	\$8,621.3	\$8,546.9	\$8,908.7	n/a	CB
VALUE ADDED PER PAYROLL DOLLAR					
United States	\$3.13	n/a	\$3.38	n/a	CB
New Hampshire	\$2.27	\$2.50	\$2.50	n/a	CB
United States rank ^a	48	50	50	n/a	CB
Connecticut	\$2.61	\$2.80	\$2.79	n/a	CB
United States rank ^a	44	46	46	n/a	CB
Maine	\$2.78	\$2.71	\$2.91	n/a	CB
United States rank ^a	39	47	41	n/a	CB
Massachusetts	\$2.67	\$2.86	\$3.09	n/a	CB
United States rank ^a	42	42	34	n/a	CB
Rhode Island	\$2.45	\$2.68	\$2.63	n/a	CB
United States rank ^a	47	48	49	n/a	CB
Vermont	\$2.92	\$2.94	\$2.90	n/a	CB
United States rank ^a	33	40	42	n/a	CB
INDUSTRY SHARE OF TOTAL VALUE ADDED (NAICS codes)					
Computer and Electronic Product Manufacturing	24.5%	25.7%	29.2%	n/a	CB
Fabricated Metal Product Manufacturing	13.7%	11.6%	12.1%	n/a	CB
Machinery Manufacturing	9.1%	10.6%	9.7%	n/a	CB
Miscellaneous Manufacturing	6.7%	7.4%	8.6%	n/a	CB
Electrical Equipment, Appliance, and Component Manufacturing	7.6%	7.8%	6.2%	n/a	CB
Plastics and Rubber Products Manufacturing	5.3%	0.2%	5.5%	n/a	CB
Printing and Related Support Activities	4.1%	4.2%	4.7%	n/a	CB
Nonmetallic Mineral Products	2.9%	3.3%	3.2%	n/a	CB
Transportation Equipment	2.9%	0.2%	3.0%	n/a	CB
Chemical Manufacturing	2.7%	2.7%	2.8%	n/a	CB
Total Manufacturer's Shipments (\$ millions)	\$16,975	\$15,254	\$16,205	n/a	CB
Annual percent change	-13.6%	-10.1%	6.2%	n/a	CB

^a including D.C.

Defense Contracts

	2001	2002	2003	2004	Source
DEFENSE CONTRACTS (\$ millions)	\$479	\$597	\$531	n/a	CB

10. Trade, Recreation & Hospitality

New Hampshire's total retail sales grew faster than those in New England and the Nation from 2004 to 2005.



The trade, recreation and hospitality sector of the state is dependent on the economic environment. It is affected by weather, consumer confidence, levels of disposable income, and other economic factors. None of those elements are controllable. Mother Nature almost forgot to start summer in 2005 as cold temperatures lasted into June, delaying openings of many seasonal facilities. The price of gasoline has been an ongoing concern – especially whether it would discourage people from taking day trips to the state's resorts and leave enough disposable cash for dining out.

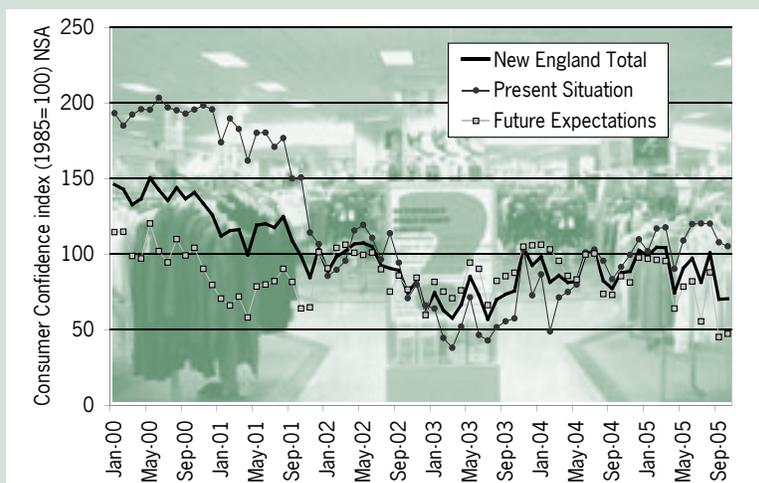
When summer rolled into fall, consumer confidence took a big hit as turmoil arose in the wakes of hurricanes Katrina and Rita. Immediate spikes in gasoline prices occurred, and concerns about prices and supplies of oil and heating fuels for the upcoming winter heating season caused consumer confidence to fall.

Consumer Confidence

In general, since the beginning of 2002, New England consumers have been slowly gaining faith in the economy. The consumer confidence measure is an index with 1985 = 100. Although New England's total consumer confidence index either hovered at or

surpassed 100 for five of the first eight months of 2005, things changed quickly as summer turned into fall. Hurricanes damaged or threatened oil-producing regions, and gas and oil prices soared. The more New England consumers had to pay, the less optimistic they were about their future economic situation. The Future Expectations Index plummeted more than 40 points from August, reaching 45.1 in September 2005. The last time this index fell below 50 was January 1992. This drop brought the total consumer confidence index down 30 points in one month. The indexes remained at about the same level in October.

New England consumers were more cautious during Fall 2005



Retail Sales

New Hampshire's retail sales have increased steadily during the last few years. Retail sales benefited from recent low interest rates, allowing consumers to tap into equity reserves, keeping spending strong. New Hampshire's total retail sales grew faster than did New England's and the Nation's from 2004 to 2005.

New Hampshire's total retail sales were just under \$30 billion in 2005, according to Sales and Marketing Management's 2005 Survey

10. Trade, Recreation & Hospitality

of Buying Power. This was an increase of \$2.7 billion, or 10.0 percent, over 2004. In comparison, total retail sales in New England grew by 7.3 percent while sales nationwide grew 7.7 percent during the same time frame.

Every county in the state recorded over-the-year increases in retail sales. Just over half of the \$2.7 billion increase was spent in either Hillsborough or Rockingham counties. This is not surprising as these two counties are also home to more than half of the state's population and are close to the Massachusetts shoppers who are able to avoid paying sales taxes on general merchandise by shopping in New Hampshire.

Looking at sales growth rates, four of the ten counties recorded double-digit rates. Cheshire County grew the fastest, 13.6 percent from 2004 to 2005. The previous year, this county was the only one to show an over-the-year loss in retail sales.

Merrimack County grew by 13.0 percent followed by Hillsborough and Coos Counties with growth rates of 10.6 percent and 10.3 percent, respectively. Belknap County had the slowest growth, 6.3 percent from 2004 to 2005. Just a year ago, this county recorded the fastest growth in the state, 13.5 percent from 2003 to 2004.

Effective Buying Income Effective Buying Income (EBI)

is a measurement of disposable income used by Sales & Marketing Management. New Hampshire's total EBI increased 3.0 percent over-the-year to \$29.23 billion in 2005.

Buying Power Index

The Buying Power Index (BPI), for which the Survey of Buying Power is best known, is a measure of spending power that takes population, EBI, and retail sales into account to determine a market's ability to buy. In other words, the BPI estimates how much of the total retail sales for the nation will occur in a specific area. For instance, New Hampshire's BPI was 0.5587 in 2005. This means that about one half of one percent of all retail sales for the nation was in New Hampshire in 2005. In New England, the BPI for the states ranged from a high of 2.4539 in Massachusetts to a low of 0.2128 in Vermont. The region as a whole had a BPI of 5.4744 in 2005.

To put this in perspective, New Hampshire represented about 0.4419 percent of the nation's population in July 2005. Comparable shares for Massachusetts, Vermont and New England were 2.1587 percent, 0.2102 percent, and 4.8041 percent respectively.

Skiing in New Hampshire

According to SkiNH, more than \$25 million in new lifts, trails, and programs

prepared New Hampshire's ski areas for extraordinary service during the 2004/2005 ski season. The weather cooperated early in the season, however, warmer than normal temperatures in December and very cold temperatures in January caused some problems. Mother Nature cooperated later on in the season allowing some areas to stay open into the Spring. In fact, Bretton Woods stayed open until early May 2005.

Many skiing enthusiasts got an early start on the 2005/2006 ski season, thanks to an October Nor'Easter that dumped upwards of four feet of snow in Northern New Hampshire. Wildcat Mountain opened Friday, October 28, 2005, the earliest they've ever opened.¹ Skiers enjoyed an entire weekend of Fall skiing before Mother Nature sent warmer weather to the area.

Bretton Woods, Crotched Mountain, and Waterville Valley opened the week before Thanksgiving. Another eight ski areas in the state officially opened for the season right after Thanksgiving.

Economic Impact of Tourism on New Hampshire

Travelers and tourists spent \$4.0 billion in New Hampshire during fiscal year 2004, an increase of 3.7 percent over-the-year.² Which season was the most

lucrative? Summer, which claimed 37 percent of the traveler and tourist spending during the fiscal year.

Another 24 percent was spent in the Fall, 20 percent in the Winter, and 19 percent in the Spring.

Rain, Rain, Go Away...

Among the highly publicized events New Hampshire hosts that which used to be known as "Motorcycle Weekend" has now evolved into "Bike Week".

Laconia's 82nd Motorcycle Rally (2005) started out with hot and humid weather and ended with rain and much colder temperatures. Although it was a drastic change in weather, it was reported as being very favorable for "leather" sales during the week.

While the number of visitors to this event for 2005 is not yet available, a study conducted for the Division of Travel and Tourism Development provided details about the impact of the 2004 bike week. There were 258 thousand out-of-staters who accounted for almost 80 percent of overall expenditures.³ The total gross spending generated in 2004 by Bike Week was \$176 million.

New Hampshire International Speedway (NHIS)

New Hampshire International Speedway in Loudon attracted more fans for the NASCAR Nextel race in

September 2005, than the Alltel Stadium in Jacksonville, Florida, did for Superbowl XXXIX. More than 100,000 fans attended that NASCAR Nextel race.⁴ In comparison, just over 78,000 attended Superbowl XXXIX.⁵

In 2004 two Nextel Cup races helped generate about 2,500 jobs, and \$103,125,445 in earnings.⁶

The overall spending for 2004 was more than \$96 million, of which over 84 percent of those spending were from out-of-staters. More than \$54 million, over 67 percent, of out-of-state expenditures were a combination of retail and entertainment.

"New Hampshire Made" Products

New Hampshire's state parks began selling a wide selection of New Hampshire-made products in the gift shops during summer 2005. Products offered ranged from maple syrup to pottery to baskets and candy, as well as fine art and crafts created by members of the League of New Hampshire Craftsmen. "We're a New Hampshire product," said Amy Bassett, spokesperson for the New Hampshire State Parks. "It only makes sense to promote other New Hampshire products."⁷

New Hampshire has properties around the state managed by the state Division of Parks and Recreation, 45 of which are

State Parks, according to New Hampshire's Division of Parks and Recreation. In Fall 2005, the City of Berlin donated land for a new state park, to add to the most recent park. For the first time, visitor traffic at some of the state's parks has been monitored. Parks and Recreation personnel are hoping to tally the numbers by early Spring.⁸

"Welcome to New Hampshire. You're going to love it here."

New Hampshire's "Welcome" and "Thanks for visiting" highway signs are being updated. The new multi-colored signs will read "Welcome to New Hampshire. You're going to love it here." Governor Lynch unveiled a prototype of the new highway signs during the 29th Governor's Council on Travel and Tourism. The first three signs were updated by Memorial Day weekend; the remaining will be phased in over the next three years.⁹

The logo and image for the new signs were a joint effort between New Hampshire's Department of Transportation, the Department of Economic Resources and Development, and the Department of Corrections, according to the Press Release.

According to Alice DeSouza, Director of Tourism in New Hampshire, "The

10. Trade, Recreation & Hospitality

positive message works to welcome visitors who are coming here for vacation, for business, or to relocate. We'll use the same tag line and logo in as many customer contact points as possible."¹⁰

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¹ Wildcat Mountain. <www.skiwildcat.com>.

² Laurence E Goss. "Summary for 2004" State Travel Barometer. Plymouth State University. June 2005. Accessed November 9, 2005. <oz.plymouth.edu/inhs/Barometers/>.

³ Impact of the Nextel Cup races and Bike Week on the New Hampshire Economy, RMK Research and Communications. pg 6.

⁴ New Hampshire International Speedway. <www.nhis.com>.

⁵ Superbowl. <www.superbowl.com>.

⁶ Impact of the Nextel Cup races and Bike Week on the New Hampshire Economy, RMK Research and Communications. pg 6.

⁷ New Hampshire Division of Travel and Tourism Development. Media Room. Accessed October 24, 2005. <www.medianh.com>.

⁸ ibid.

⁹ Governor Unveils New Highway Signs During Governor's Conference on Travel and Tourism. Press Release. <www.nh.gov>. Accessed May 10, 2005.

¹⁰ ibid.

Retail Trade

	2001	2002	2003	2004	Source
New Hampshire, total (millions) ^a	\$24,308	\$24,660	\$25,535	\$27,266	SMM
Annual percent change	5.8%	1.4%	3.5%	6.8%	SMM/NHES
Food & beverage stores	\$3,338	\$3,468	\$3,330	\$3,651	SMM
Annual percent change	4.7%	3.9%	-4.0%	9.6%	SMM/NHES
Food service & drinking establishments	\$1,588	\$1,622	\$1,793	\$1,937	SMM
Annual percent change	6.0%	2.1%	10.5%	8.0%	SMM/NHES
General merchandise stores	\$2,856	\$2,897	\$3,219	\$3,345	SMM
Annual percent change	-0.9%	1.4%	11.1%	3.9%	SMM/NHES
Furniture & home furnishings and electronic & appliance stores	\$1,367	\$1,284	\$1,442	\$1,583	SMM
Annual percent change	2.9%	-6.1%	12.3%	9.8%	SMM/NHES
Motor vehicle & parts dealers	\$7,137	\$7,119	\$6,967	\$7,184	SMM
Annual percent change	4.3%	-0.3%	-2.1%	3.1%	SMM/NHES
New England, total (millions)	\$205,177	\$206,774	\$207,465	\$218,336	SMM
Annual percent change	6.1%	0.8%	0.3%	5.2%	SMM/NHES
United States, total (millions)	\$3,658,749	\$3,627,218	\$3,724,992	\$3,906,482	SMM
Annual percent change	7.3%	-0.9%	2.7%	4.9%	SMM/NHES
Per Household Retail Sales ^b					
New Hampshire	\$51,272	\$50,113	\$51,020	\$54,270	SMM
Connecticut	\$39,190	\$38,550	\$38,274	\$40,022	SMM
Maine	\$38,048	\$35,923	\$36,322	\$37,931	SMM
Massachusetts	\$37,590	\$37,355	\$36,316	\$38,027	SMM
Rhode Island	\$28,780	\$28,640	\$27,570	\$30,385	SMM
Vermont	\$33,997	\$32,338	\$33,804	\$35,879	SMM
New England	\$38,413	\$37,761	\$37,333	\$39,289	SMM
United States	\$34,450	\$33,662	\$34,036	\$35,529	SMM
Liquor Sales (fiscal year)					
Retail and Wholesale	\$305.0	\$327.6	\$350.8	\$377.2	LC
Fiscal percent change	5.7%	7.4%	7.1%	7.5%	LC/NHES
Percent retail	71.4%	70.9%	70.3%	69.8%	LC/NHES

^a Reprinted by permission of Sales & Marketing Management, a publication of Bill Communications.

^b Household retail sales = food & beverage stores, food service & drinking, general merchandise, furniture & home furniture and electronic appliances, motor vehicle & parts dealers divided by the number of households.

10. Trade, Recreation & Hospitality

Recreation & Tourism					
	2001	2002	2003	2004	Source
Division of Travel & Tourism Development Inquiries (Phone, Mail, Fax, Walk-ins)	177,492	175,176	186,294	206,358	DTTD
Fish and Game licenses (non-resident)	73,897	71,330	67,149	67,527	F&G
Out-of-State Snowmobile Registrations	18,835	18,363	20,880	19,304	F&G
Skiing, state owned Cannon Mountain (fiscal year)					
Number of skiers	130,656	116,637	110,548	109,562	P&R
Lift sales, including season passes	\$2,231,416	\$3,172,226	\$2,096,400	\$3,101,821	P&R
Racing, pari-mutuel pool (millions)					
Thoroughbred track:					
Simulcast	\$149.8	\$144.2	\$140.5	\$146.0	PM
Live	\$13.7	\$14.8	\$0.0	\$0.0	PM
Greyhound tracks:					
Simulcast	\$65.0	\$58.7	\$81.7	\$68.6	PM
Live	\$26.4	\$25.3	\$21.7	\$20.1	PM

Hospitality: Hotel, Restaurant Activity (millions)					
	2001	2002	2003	2004	Source
Total Meals and Rental Tax Receipts (millions)	\$2,004.1	\$2,031.0	\$2,082.8	\$2,195.3	RA
Annual percent change	1.4%	1.3%	2.6%	5.4%	RA/NHES
Restaurants	\$1,293.7	\$1,279.3	\$1,291.5	\$1,340.7	RA
Other food service	\$269.3	\$305.7	\$337.0	\$369.8	RA
Rooms	\$281.7	\$289.0	\$302.5	\$311.2	RA
Combination (hotel, restaurant, and lounge)	\$159.5	\$157.1	\$151.8	\$173.6	RA
Motor Vehicle Rentals (millions)	\$6.8	\$6.7	\$7.1	\$7.0	RA

11. Construction & Housing

The median value of an owner occupied housing unit was estimated to be \$216,639 for New Hampshire in 2004, well above the average of \$151,366 for the United States.



Construction is a major generator of jobs in the Granite State. Whether it involves construction of buildings, heavy construction, or special contractors, total employment in construction industries has increased every year since 1992. In New Hampshire, construction employment tends to be seasonal, but on an annual average basis there were nearly 30,000 workers employed in that sector in 2004.

Construction employment and building permits reflect the population boom in New Hampshire. The state's population has increased by nearly 15 percent from 1993 to 2003, easily the fastest rate of any New England state.

Building permits are considered a leading economic indicator. Economists, planners, investors, and others consider the potential of increased building activity a positive development. Since a phenomenal increase of nearly 32 percent in 2002 over 2001 levels, total residential building permits in the state have declined slightly for two consecutive years.

Construction Indexes

Construction indexes are compiled by the Federal Reserve Bank of Boston as a tool to compare economic activity in construction over a period of time. Because the value of the dollar can change due to inflation, the Fed indexes all data to 1980 levels. The residential construction index since 1969 shows that building activity was flat throughout the 1970s and early 1980s. New Hampshire saw a residential building boom in the 1980s that began to fade in the latter part of the decade, then began improving in the mid 1990s. The upward trend continues today, fueled in part by low mortgage interest rates (see chart).¹

Housing Facts and Figures

America's Community Survey is a service of the US Census Bureau that produces annual estimates in a sample survey. Some revealing and interesting numbers related to construction and housing from the 2004 Survey²:

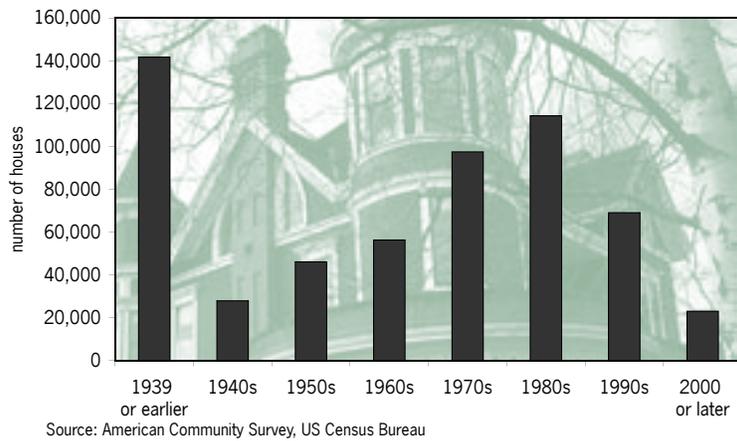
- There are an estimated 575,671 housing units in the state of New Hampshire, an increase of 28,647 from 547,024 in 2000.
- In 2004, 72.6 percent of all units were occupied by the owner. New Hampshire ranked ninth, but states are closely grouped. Minnesota was first at

Fixed mortgage rates were still very low in 2004



11. Construction & Housing

A major portion of New Hampshire's housing stock was built before 1940



75.3 percent, while New York state ranked 50th with only 55.6 percent of units occupied by the owner (the District of Columbia was even lower with 43.6 percent).

- Nearly 25 percent of the housing stock in the state was built before 1939 (see graph above). Similar percentages are common to New England; Massachusetts has 37 percent built before 1939 and Maine has 32 percent. Sunbelt states have a smaller percentage of housing stock older than 65 years: Arizona has only 1.5 percent and Florida has 2.5 percent.
- The median value of an owner occupied housing unit was estimated to be \$216,639 for New Hampshire, ranking the state ninth in the nation and well above the average of \$151,366 for the United States as a whole.

Home Sales and Prices

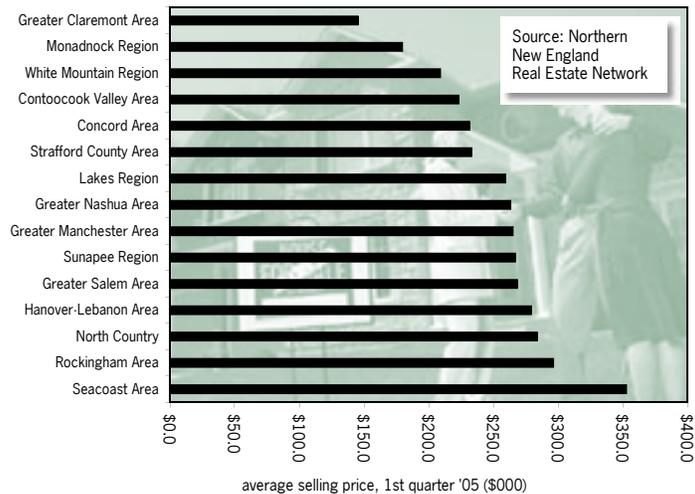
In 2001, there were 20,009 sales of existing homes in New Hampshire according to Multiple Listing Service data. By 2004, that number had risen to 23,577, an increase of nearly 18 percent in only three years. The average sales price

during the same time period increased from \$186,398 to \$252,723, a gain of 35 percent.

At the same time, average number of days a house stayed on the market was relatively stable, increasing slightly from 128 to 130. "Days on market" is the time from the original listing date until an offer has been accepted on the property. Many factors can influence the length of time a home stays on the market, but the number is used as a general guide to market conditions and an indicator of interest in a particular area.

Average prices tell only part of the story. The old cliché about "location, location, location" certainly holds true in New Hampshire. In the second quarter of 2005, the average selling price of residential homes ranged from \$146,716 in the Greater

The Seacoast Area is the most expensive location in the state to purchase a home



11. Construction & Housing

Claremont Area to \$372,769 in the Seacoast area according to data from the Northern New England Real Estate Network.³

Home Price Index

The Conventional Mortgage Home Price Index (HPI) provides a measure of the value of single-family homes in the United States or various regions of the country. Numbers are released quarterly, measuring the average price changes in repeat home sales based on Fannie Mae or Freddie Mac mortgages. By themselves, the index numbers have no meaning. Only when compared to other index numbers do they enable a user to calculate a price appreciation rate over two time periods.

The index reveals that over the 2000 to 2004 time period, price appreciation

in New Hampshire tracks closely with New England and the United States.

Housing Affordability

There is little doubt that New Hampshire is one of the more expensive places to live in the United States. By one measure, according to the American Community Survey, the state is ranked eighth for median monthly housing costs for owner-occupied housing units (a house, apartment, condominium, or mobile home) with a mortgage averaging \$1,472 per month. That is less expensive than Massachusetts, with an average cost of \$1,645 per month, but considerably more than the national average of \$1,212.

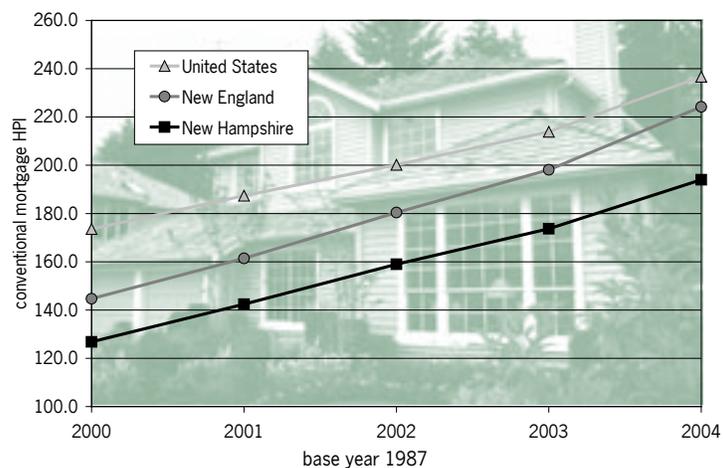
Housing affordability is a crucial question for potential and current homeowners. A study prepared for the

New Hampshire Workforce Housing Council, a statewide organization that promotes diversity in the state's housing stock, found that there is a mismatch between the types of homes being built and the types of people seeking housing. While recognizing the complexities of housing markets, the study suggested that the higher-end of the market is filling its demand, but the market for working families seeking lower-priced housing is under-served with the trend likely to continue. The study suggests that there is more profit in high-end housing, and that local ordinances on future growth may inhibit construction of moderate-priced housing.⁴

The Rental Market

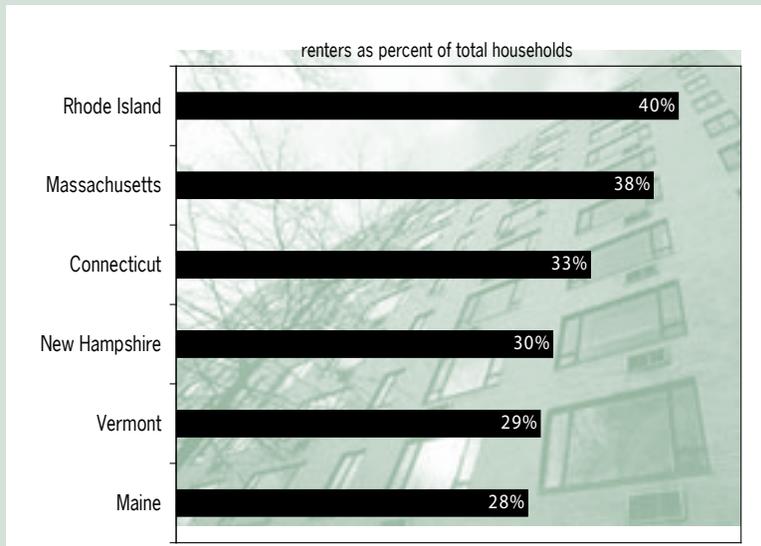
Not only are purchase prices expensive for houses, rental prices are also high. The monthly rent for a two-bedroom apartment increased in seven out of the ten counties between 2004 and 2005 according to data from the New Hampshire Housing Financing Authority. The most expensive rents were in Hillsborough and Rockingham counties, with monthly rents of \$1,046 and \$1,058, respectively. The lowest rents were recorded in Coos at \$549 per month. Cheshire County showed the largest percentage increase from 2004 to 2005 at 13.5 percent, while Coos rents increased nearly ten percent. Three counties – Carroll, Grafton, and Strafford showed slight decreases.⁵

Over the last four years, price appreciation in New Hampshire for single family homes fared well



11. Construction & Housing

In New Hampshire, 30 percent of households are renters



According to the New Hampshire Housing Finance Authority, there is a “ripple” effect where rental costs in the southernmost counties have become less affordable, pushing families into other counties in search of cheaper rents and hence increasing rents in those counties, too.

In New Hampshire, thirty percent of households are renters. This is slightly below the average of 33 percent for the United States as a whole. Some of the highly urbanized New England states – Massachusetts, Rhode Island, and Connecticut – have a higher percentage of renters. The more rural New England states have a lower percentage of renters. On a national basis, the highest percentage of renters is in the District of Columbia and the state of New York. West Virginia

has the lowest percentage of renters at 25 percent.⁶

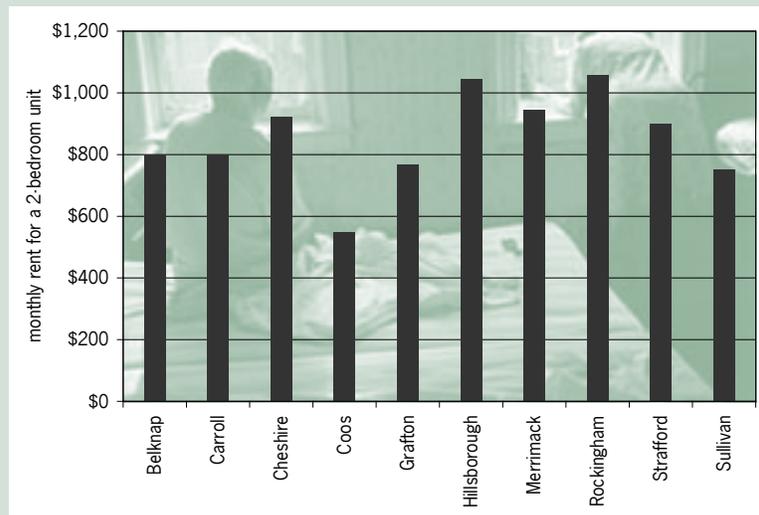
According to American Community Survey, the rental vacancy rate in the state continues to climb, from 3.0 percent in 2000, to

5.3 percent in 2003 to 6.3 in 2004. With the understanding that the data are based on a sample, it may indicate an increasingly expensive rental market in the state as units remain unfilled for a longer period of time. It may also portend an oversupply of rental units that may result in an eventual price decline. On the other hand, the homeowner vacancy rate remained stable at 0.8 percent.

Mortgage Rates and the Housing Market

Contrary to popular belief, the Federal Reserve and/or Alan Greenspan do not set mortgage rates. Rates are set on the open market which may be influenced by the perception the Federal Reserve has of the economy. Rates can vary by location and also depend on the creditworthiness of the borrower.

Rent for a two-bedroom unit is most expensive in the southeastern part of the state



11. Construction & Housing

Increases in home sales prices and number of homes sold are the reasons why total sales volume (\$) of existing homes are up



Freddie Mac is the popular name for the Federal Home Loan Mortgage Corporation. It is a stockholder-owned corporation chartered by congress in 1970 to support homeownership in the United States. Among its activities, Freddie Mac tracks average rates for 30-year fixed-rated mortgages.

There is little doubt that low mortgage rates have perpetuated the building and buying boom in both regional and national real estate markets. Rates nudged up slightly in 2004 over 2003 levels, from 5.83 to 5.84 on an annual average basis for a 30-year fixed rate mortgage according to Freddie Mac. Rates in early 2005 reached a low of 5.58 in June, but by October had climbed to 6.07 percent.⁷

But there is more to the interest rate story, and it is one that concerns some observers. Adjustable rate mortgages (ARM) and “exotic” loans, where the borrower pays only the interest, are a positive in the short-term – people can purchase “more home” or qualify for a loan they would not have been able to in the past. Borrowers with interest-only loans are not building equity; if the housing market falters, they may find they owe more than the house is worth. Another problem occurs if interest rates on ARMs go up or there is a temporary setback in a family’s financial situation. If these situations happen too frequently, it could put a damper on economic growth in the state.

Owners of existing houses are also taking part in the boom, using their house as a cash machine, withdrawing equity. When homeowners are comfortable and secure knowing that their house is worth more, they will tend to spend more, thus fueling consumption and growth in the economy. It is this effect, along with the “bricks and mortar” of homebuilding that make housing and construction such a vital part New Hampshire’s economy.

Michael Argiropolis

¹ [Indicators Database](#). December 16, 2005. Federal Reserve Bank of Boston. Accessed December 20, 2005. <www.bos.frb.org/economic/nee/nee.htm>

² [2004 American Community Survey](#). December 20, 2005. U.S. Census Bureau. Accessed December 20, 2005. <factfinder.census.gov>

³ [New Hampshire Statistics](#). December 13, 2005. Northern New England Real Estate Network. Accessed December 23, 2005. <www.nneren.com/docs/nhstats.htm>

⁴ Shapiro, Lisa; Kroll, Heidi; Kelly, Hannah. “Housing New Hampshire’s Workforce.” [NH WCH News](#). March 28, 2005. New Hampshire Workforce Housing Council. Accessed December 20, 2005. <www.workforcehousingnh.com/>

⁵ “Rental Cost Data for the Counties” 2005 Residential Rental Cost Survey. July 2005. New Hampshire Housing Finance Authority. Accessed August 16, 2005. <www.nhhfa.org/programdocs/2005rentsurvey_county.pdf>

⁶ Pitcoff, Winton; et. al. [Out of Reach 2004](#). August 2005. National Low Income Housing Coalition. Accessed August 18, 2005. <www.nlihc.org/oor2004/>

⁷ “30-year Fixed Rate Mortgages since 1971.” [Freddie Mac: Weekly Mortgage Market Surveys](#). December 20, 2005. Freddie Mac. Accessed December 20, 2005. <www.freddiemac.com/pmms/pmms30.htm>

11. Construction & Housing

Contract Value Indices (base=100)

	2001	2002	2003	2004	Source
Total construction:					
New Hampshire	450.5	515.6	462.9	550.2	FR
New England	352.1	369.2	347.4	386.5	FR
United States	334.9	340.1	358.1	396.3	FR
Non-building construction					
New Hampshire	274.5	321.4	252.3	252.3	FR
New England	287.8	317.1	203.0	222.7	FR
United States	334.8	311.8	286.1	291.9	FR
Nonresidential construction					
New Hampshire	649.6	630.2	507.4	583.1	FR
New England	442.6	418.1	393.5	386.9	FR
United States	321.9	295.4	296.2	307.6	FR
Residential construction					
New Hampshire	414.2	535.0	529.0	613.6	FR
New England	309.5	355.5	385.1	472.7	FR
United States	345.7	391.4	445.8	522.6	FR
Residential construction (seasonally adjusted)					
New Hampshire	412.1	538.1	522.8	609.2	FR
New England	307.3	350.9	378.4	467.4	FR
United States	341.4	387.4	441.0	516.5	FR

Housing Permits Authorized (not seasonally adjusted)

	2001	2002	2003	2004	Source
Total New Hampshire	6,624	8,708	8,641	8,615	CB
Annual percent change:					
New Hampshire	-0.8%	31.5%	-0.8%	-0.3%	CB/NHES
New England	-1.6%	10.0%	6.9%	10.0%	CB/NHES
United States	2.8%	6.8%	8.1%	8.6%	CB/NHES
Single units	5,910	6,754	6,583	6,964	CB
Annual percent change:					
New Hampshire	-3.1%	14.3%	-2.5%	5.8%	CB/NHES
New England	-3.7%	7.2%	-1.1%	10.3%	CB/NHES
United States	-22.4%	7.9%	9.6%	9.3%	CB/NHES

New Hampshire Housing Stock

	2001	2002	2003	2004	Source
From residential building permit data					
Net change in units (permitted units less demolitions)	7,089	8,905	9,280	9,104	OEP
Total Hillsborough and Rockingham Counties	3,354	4,015	4,294	4,180	OEP
Total multifamily	832	1,936	2,805	2,034	OEP

11. Construction & Housing

Homes Financed by NH Housing Finance Authority

	2001	2002	2003	2004	Source
Total	1,141	1,169	1,493	1,560	HFA
Percent new	3.5%	6.4%	5.4%	5.7%	HFA
Percent condo	26.0%	26.1%	30.7%	27.4%	HFA
NHHFA Bond Issues (\$ millions)	\$80	\$172	\$219	\$180	HFA

Assisted Rental Housing Funded

	2001	2002	2003	2004	Source
Total units (NHHFA only)	385	206	377	370	HFA
For elderly tenants	199	88	67	110	HFA

Home Sales

	2001	2002	2003	2004	Source
Conventional Mortgage Home Price Index (1987=100), NSA ^a					
New Hampshire	142.4	159.0	173.7	194.0	FR/FM
New England	161.4	180.4	198.1	224.2	FR/FM
United States	187.4	200.2	213.9	236.7	FR/FM
New Hampshire Multiple Listing Service data on Sales of Existing Homes					
Total Sales Volume (millions)	\$3,748.5	\$4,381.3	\$5,021.3	n/a	NNEREN
Annual percent change	9.6%	16.9%	14.6%	n/a	NNEREN/NHES
Average sale price	\$187,353	\$211,569	\$230,947	n/a	NNEREN
Annual percent change	11.0%	12.9%	9.2%	n/a	NNEREN/NHES
Total existing home sales seasonally adjusted- single family, apt. condos. and coops	20,008	20,709	21,808	n/a	NHAR
Annual percent change	-1.7%	3.5%	5.3%	n/a	NHAR/NHES

^aThis series was formerly titled "Repeat-Sales Home Price Index"

Mortgage Rates and Housing Rentals

	2001	2002	2003	2004	Source
30-Year Fixed Mortgage Rates (Annual average)	7.0%	6.5%	5.8%	5.8%	MBA/FHLMC
Housing Unit Rentals					
Median monthly rent (including utilities)	\$738	\$810	\$854	\$896	HFA
Annual percent change	5.9%	9.8%	5.4%	4.9%	HFA/NHES

12. Finance - Private

Over the last decade the number of banking institutions in New Hampshire has diminished from 45 in 1996 to 30 in 2004.



Interest rates are still low, historically speaking. Despite the huge economic impact that the Hurricanes Katrina and Rita had on energy costs, the Federal Reserve board's view has been that these economic events did not pose a persistent threat. Hence, on September 20, 2005, the Federal Reserve Board's Federal Open Market Committee (FOMC) raised the short-term interest rate by 25 basis points to 3 ¾ percent. Since then the Fed has raised it twice, landing it at four percent and a quarter. Over the past 18 months the FOMC has steadfastly increased the rate 13 times. The FOMC has felt that rising energy costs had the potential of adding to inflation and that robust underlying growth in productivity, combined with a sound monetary policy, would create economic activity.

The combination of relatively low interest rates and a continued firm belief in the strength of the real estate market* gave banks the confidence to offer more home equity loans to their customers. As many people are either borrowing against

* Economists are debating whether or not the increases in real estate value are creating a "housing bubble".

home equity or increasing their credit card debt, the nation reached a personal savings rate of less than zero percent in the second and third quarter 2005.¹ The personal savings rate is negative, according to the Bureau of Economic Analysis, if total expenditures exceed disposable personal income in a quarter. Households can spend more than their after-tax income for a time by withdrawing deposits saved in previous periods, by selling financial or tangible assets, or by borrowing.

Low interest rates also encouraged homeowners to refinance their mortgages at a lower interest rate without really feeling the cost of refinancing. This has provided additional business for banks and other mortgage providers as well as providing individuals with more disposable income either by lowering their monthly payments or by providing additional cash at the closings.

Low interest rates in 2004 was one of the major reasons why the New Hampshire Business Finance Authority (BFA) did not issue any industrial bonds during that entire year. In the first six months of 2004 the federal

funds rate was at one percent, however, in the latter half of the year, the rate increased steadily to 2 ¼ percent. With conventional interest rates being low, the additional cost and time associated with obtaining BFA bonds didn't make it worthwhile for businesses to apply. Secondly, there was very little demand for investments in new manufacturing plant and equipment. Bond issuing has picked up in 2005, but manufacturing plant and equipment demand continues to be weak.²

Free Credit Reports

After September 1, 2005 the citizens of New Hampshire were able to check their own credit rating annually, for free, under the Fair Credit Reporting Act (FCRA).³ Under this law a person is entitled, upon request, to one free credit file disclosure every 12 months from each of the three nationwide consumer credit reporting companies: Equifax, Experian, and TransUnion. The reason for this law is that identity theft over the last couple of years has topped the list of consumer fraud complaints with the Federal Trade Commission.

The consumer can decide to order all three credit reports at the same time or space

12. Finance-Private

them out over the year. The advantage of doing them all at the same time is that the consumer can compare credit reports, whereas by ordering a different one every four months gives the consumer the opportunity to detect any changes that might have occurred at different points during the year.

So why is it so important for the consumer to check their credit report? A credit report includes information on where you live, how you pay your bills, and whether you've been sued, been arrested, or filed for bankruptcy. Nationwide consumer reporting companies sell the information in your report to creditors, insurers, employers, and other businesses. Information from the credit report is used to calculate a person's credit score. Lenders use the score to determine whether the person qualifies for a particular credit card, loan or other service. Generally, the higher the score the less financial risk the person represents. The level of risk affects the rate at which the consumer is able to borrow.

Identity Theft (Account Hijacking is a Growing Concern)

Another reason to check your credit report is to protect it from identity theft and account-hijacking. This continues to be a problem for the finance industry and for consumers. In other words checking your credit report

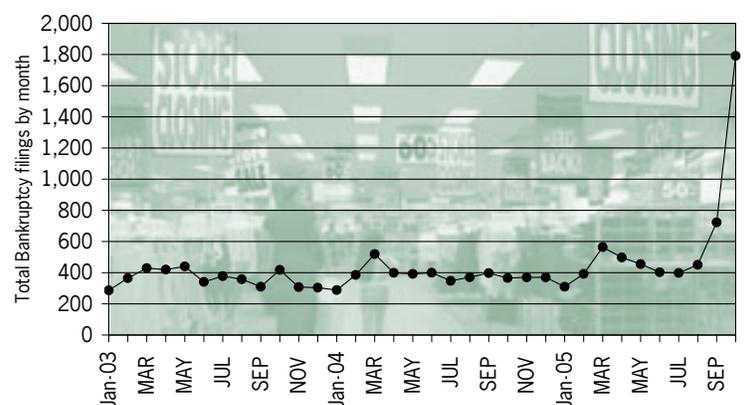
is a preventative measure to see if you have been exposed to identity theft. Findings by a FDIC study point out "that more can and should be done to protect the security and confidentiality of sensitive customer information in order to prevent account hijacking". Remote access authentication to accounts (eg. Internet banking) by user ID and password should be supplemented with a reliable form of multifactor authentication or other layered security measure. Over the last year "phishing"* has been the common means of identity theft. From June to September 2005 the number of detected phishing email reports declined from 15,050

* Form of online identity theft that employs both social engineering and technical subterfuge (fraud and camouflage). A more common example is emails that falsely claims to be an established enterprise, however sending the user to visit an illegitimate web-site and convincing the user to provide their account information.

to 13,562, but in October they increased by more than 2,000 to an all time high of 15,820. Financial services are the most frequently targeted industries and accounted for 86.9 percent of all attacks in October 2005.⁴ New types of schemes or variants of existing techniques are continuing to evolve. Examples are Key loggers (crimeware that can record keystrokes on a computer) and Trojan Horses (crimeware that modify the user's system in order to redirect user to a fraudulent site). The solution is a combination of continuing oversight, technological enhancement, and public awareness.

Over the last couple of years, as the threat of identity theft has increased, the number of insurance carriers offering insurance in New Hampshire to protect against identity theft has increased from a few to ten. This insurance does

A new federal bankruptcy law that took effect October 17, 2005 enticed debtors to file for bankruptcy in September and early October



not actually reimburse money that is stolen. Most often that is covered by the insurance of the bank or credit card company. What this insurance will cover is the cost to hire a restoration company, attorney fees, loan reapplication forms, etc. This type of insurance coverage is generally added to the homeowner's policies.

New Bankruptcy Law

It is now more difficult to file for bankruptcy in New Hampshire or anywhere else in the nation. A new federal law that took effect in October 2005 changed the eligibility qualifications for filing Chapter 7 bankruptcy. People that earn more than the state's median income will not be able to file for Chapter 7 bankruptcy anymore. Instead, these people will have to file under Chapter 13, under which they will have to pay all their debts back within five years. The new law requires debtors to undergo credit counseling, and the additional complexity of the law will lead to increased cost for the people filing for bankruptcy. The fact that this new law was scheduled to take effect got many people to file for bankruptcy sooner rather than later. The U.S. Bankruptcy Court for New Hampshire reported 723 bankruptcy filings under Chapter 7 in September 2005 and 1,791 in October 2005 compared to 397 and 366 bankruptcy filings, respectively, for September and October 2004.

Mergers

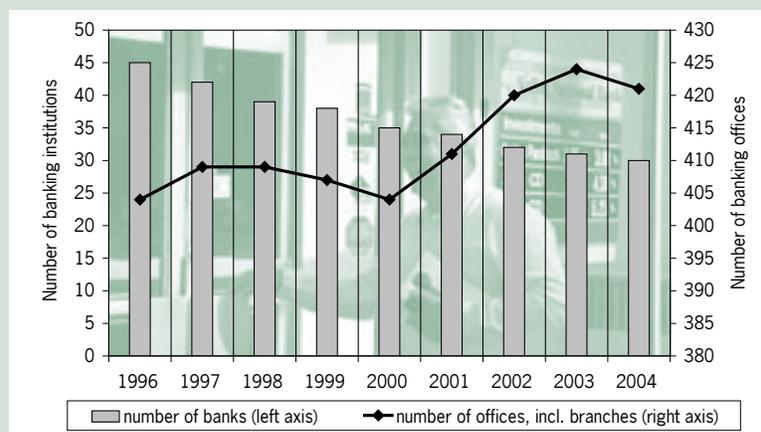
Over the last decade, the number of banking institutions in New Hampshire has diminished from 45 in 1996 to 30 in 2004. The number of banking offices including branches has increased from about 400 in 2000 to 420 in 2004. Employment in banking (NAICS code 5221: Depository credit intermediation) in New Hampshire has increased from a low of 5,680 in 2000 to 6,490 in 2003 and declined slightly to 6,340 in 2004. Employment is however still far below the level of 1990 of more than 10,000 jobs. But with an increasing number of ATMs and more people doing on-line banking, it might seem as a contradiction that employment in this industry group over the last couple of years has been on the mend.

One of the noticeable results of the many mergers nationwide as well as in New Hampshire is that bank signs change as these companies change names and logos. One example is TD Banknorth Inc. On March 1, 2005 Banknorth of Portland, Maine was acquired by the Canadian bank TD Bank Financial Group and became TD Banknorth Inc. As of June 30, 2004 Banknorth ranked third in New England with a 5.7 percent share of deposits as well as third in New Hampshire accounting for 14.0 percent of all deposits.⁵ Bank of New Hampshire is a division of TD Banknorth Inc.

Changes in New Hampshire's commercial banks in 2004:

- Granite Bank of Keene merged into and subsequently began operating as part of Ocean National Bank in Kennebunk, Maine.

Due to bank mergers, the number of banking institutions was reduced, while banking offices had increased



12. Finance-Private

- Late in 2004 Ocean National Bank moved its bank headquarters from Kennebunk, Maine to Portsmouth, New Hampshire.*
- Harris Bank (NH), National Association of Nashua closed voluntarily and liquidated its assets.

Hence, the number of commercial banks located New Hampshire diminished from 14 in 2003 to 13 in 2004.

Changes in New Hampshire's commercial banks in 2005:

- Village Bank and Trust Company of Gilford (commercial bank) was acquired by Laconia Savings Bank (savings institution).⁶
- Berlin City Bank, Berlin and Pemigewasset National bank of Plymouth merged under the name of Northway Bank.⁷
- Providian National Bank of Tilton merged into Washington Mutual Bank.
- First Signature and Trust Company of Portsmouth was acquired by First Republic Bank of San Francisco, California. This deal is however still pending regulatory approval.⁸

As of November 2005 there are only ten FDIC insured commercial banks in New Hampshire.

* Ocean National Bank is part of a holding company called Chittenden Corporation of Burlington, Vermont.

The number of savings institutions in New Hampshire stayed at 17 in 2004 and no changes have happened during 2005 other than Laconia Saving Bank acquiring Village Bank and Trust Company of Gilford.

The same trend of mergers is true for Credit Unions in New Hampshire as the number of institutions declined from 32 Credit Unions in 2001 to 27 in 2004. From 2003 to 2004 the state experienced the following three credit union mergers:

- Acorn Credit Union merged with Granite State Credit Union,
- Greater Nashua Credit Union merged with Telephone Credit Union of New Hampshire, and
- PEA Credit Union* merged with Seacoast Credit Union.

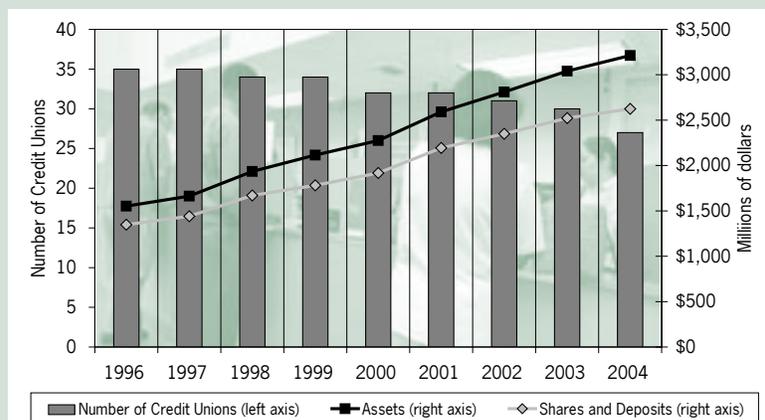
And as of July 1, 2005 Gateway Credit Union

* This credit union was serving the needs of the employees and family members of Phillips Exeter Academy.

became part of St. Mary's Bank of Manchester, further reducing the current number of credit unions operating in the state to 26. Despite the decline in the number of New Hampshire-based credit unions, both assets and shares and deposits are increasing. From 2003 to 2004, assets in New Hampshire-based credit unions grew by 5.6 percent, whereas shares and deposits only grew by 4.1 percent. But since 2001 assets, shares and deposits have grown at a slower pace.

In spring 2005, Telephone Credit Union of New Hampshire changed its name to Bellwether Community Credit Union in response to expanding its membership to all citizens in the state of New Hampshire. Two other credit unions changed their names during 2005 in order to reflect their missions of providing financial services to a more diverse membership.

New Hampshire based credit unions were on the decline, however assets, and shares and deposits still increased



12. Finance-Private

Banking Data - FDIC Insured Banks

	2001	2002	2003	2004	Source
Bank Assets - Total All Banks (millions)	\$35,436	\$29,341	\$29,662	\$31,162	FDIC
Commercial Banks and Trust Companies	\$25,050	\$17,953	\$17,116	\$17,615	FDIC
Savings Institutions	\$10,386	\$11,387	\$12,546	\$13,547	FDIC
Annual percent change:					
Total	12.0%	-17.2%	1.1%	5.1%	FDIC/NHES
Commercial Banks and Trust Companies	12.1%	-28.2%	-4.8%	2.9%	FDIC/NHES
Savings Institutions	11.7%	9.6%	10.2%	8.0%	FDIC/NHES
Bank Deposits - Total All Banks (millions)	\$26,757	\$22,300	\$22,005	\$23,061	FDIC
Commercial Banks and Trust Companies	\$19,153	\$13,804	\$12,806	\$13,049	FDIC
Savings Institutions	\$7,604	\$8,496	\$9,199	\$10,013	FDIC
Annual percent change:					
Total	14.4%	-16.7%	-1.3%	4.8%	FDIC/NHES
Commercial Banks and Trust Companies	16.6%	-27.9%	-7.2%	1.9%	FDIC/NHES
Savings Institutions	9.2%	11.7%	8.3%	8.8%	FDIC/NHES
Equity Capital (millions)					
Total	\$3,799	\$3,940	\$4,548	\$4,871	FDIC
Commercial Banks and Trust Companies	\$2,786	\$2,852	\$3,421	\$3,666	FDIC
Savings Institutions	\$1,013	\$1,088	\$1,126	\$1,205	FDIC
Equity Capital to Asset Ratio					
Total	10.72%	13.43%	15.33%	15.63%	FDIC
Commercial Banks and Trust Companies	11.12%	15.89%	19.99%	20.81%	FDIC
Savings Institutions	9.75%	9.55%	8.98%	8.89%	FDIC
Number of Banking Institutions	34	32	31	30	FDIC
Number of Banking Offices (Incl. branches)	411	420	424	421	FDIC

Credit Unions

	2001	2002	2003	2004	Source
Assets (millions)	\$2,591	\$2,810	\$3,041	\$3,213	NCUA
Annual percent change	13.9%	8.5%	8.2%	5.6%	NCUA
Shares and Deposits (millions)	\$2,193	\$2,349	\$2,523	\$2,625	NCUA
Annual percent change	14.3%	7.1%	7.4%	4.1%	NCUA
Number of Credit Unions	32	31	30	27	NCUA

12. Finance-Private

Cathedral Credit Union of Manchester changed its name to Compass Credit Union serving people living or working in Hillsborough, Rockingham and Merrimack counties, and Kingsbury Employees Federal Credit Union changed to Cheshire County Credit Union (serving persons who live, work, worship, or attend school in the county).

In order to survive among banking institutions it is

necessary to have a bigger share of the banking market, either by merging with other banks or expand membership.

Annette Nielsen

¹ Personal Saving Rate. December 20, 2005. Bureau of Economic Analysis, U.S. Department of Commerce. Accessed December 20, 2005. <www.bea.gov/briefrm/saving.htm>.

² Jack Donovan. New Hampshire Business Finance Authority. "Re: Bond Issues." E-mail to the author. December 21, 2005.

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⁵ "Bank Notes, April 2005 Vol. XXXIV, No. 4." FRBB Bank Notes. April 1, 2005. Federal Reserve Bank of Boston. <www.bos.frb.org/economic/banknote/index.htm>.

⁶ "Bank Notes, May 2005 Vol. XXXIV, No. 5." FRBB Bank Notes. May 1, 2005. Federal Reserve Bank of Boston. <www.bos.frb.org/economic/banknote/index.htm>.

⁷ "Bank Notes, June/July 2005 Vol. XXXIV, No. 7." FRBB Bank Notes. July 1, 2005. Federal Reserve Bank of Boston. <www.bos.frb.org/economic/banknote/index.htm>.

⁸ "Bank Notes, September 2005 Vol. XXXIV, No. 9." FRBB Bank Notes. September 1, 2005. Federal Reserve Bank of Boston. <www.bos.frb.org/economic/banknote/index.htm>.

Industrial Financing (calendar year)

	2001	2002	2003	2004	Source
Total bond issues (millions)	\$325.2	\$31.5	\$128.0	n/a	BFA
Industrial revenue bonds, initial issues (millions)	\$19.2	\$11.5	\$8.1	n/a	BFA

Non-Current Loans and Leases

	2001	2002	2003	2004	Source
FDIC commercial banks, Dec. 31st totals (millions)	\$486.3	\$337.7	\$235.0	\$198.0	FDIC
Percent change from previous year	-22.2%	-30.6%	-30.4%	-15.7%	FDIC
Rank by non-current/total (from smallest) ^a	51	51	50	49	FDIC

^a Includes the fifty states and the District of Columbia. Rate for NH is inflated by the presence of large credit card operations.

Bankruptcy Filings

	2001	2002	2003	2004	Source
Total New Hampshire Filings	3,887	4,018	4,357	4,604	BKRNH
Percent change from previous year					
New Hampshire	9.2%	3.4%	8.4%	5.6%	BKRNH
Connecticut	9.1%	1.2%	4.2%	-6.7%	ABI
Maine	12.5%	-2.8%	5.4%	-3.3%	ABI
Massachusetts	13.2%	-1.4%	4.9%	1.0%	ABI
Rhode Island	9.6%	0.5%	-7.1%	-9.1%	ABI
Vermont	17.2%	4.5%	4.2%	-10.8%	ABI
New England	11.4%	-0.1%	3.9%	-2.6%	ABI
United States	19.0%	5.7%	5.2%	-3.8%	ABI

Delinquency Rate (FDIC Insured Institutions)

	2001	2002	2003	2004	Source
Mortgage delinquency rate (1-4 family residential)	1.10%	1.19%	0.77%	0.61%	FDIC
Consumer loan delinquency rate ^a	7.46%	8.67%	5.80%	4.25%	FDIC
Credit card delinquency rate ^a	8.31%	10.33%	6.92%	4.87%	FDIC

^a Rates for NH are inflated by the presence of large credit card operations.

13. Finance-Government

After payment of all the expenses, the combined revenues in the education fund ended the year with an \$8.8 million surplus.



For the State of New Hampshire during fiscal year 2005, economic growth was behind the strong revenue performance (unaudited cash) from business taxes and real estate transfer tax. These provided almost a third of the total receipts to the general and education fund. Actual receipts from business taxes came in \$43.1 million above the plan estimates. Over 38 percent of the business taxes, \$176.4 million, went to the education fund.

At the other end of the scale, statewide property taxes fell short by over \$2 million of meeting its target set forth in the 2005 general and education fund plans. This was primarily caused by the rate change from \$4.92 to \$3.33 per \$1,000, combined with the one time flexible grant of \$25.0 million received in fiscal year 2004. The only other segment not reaching its revenue goal was the utility property tax. These shortfalls were more than compensated for by the surpluses provided from all the other education fund elements. The education fund unaudited final total was \$26 million ahead of budget.

The education trust fund finished fiscal year 2005 with \$767.7 million cash basis. This

was combined with \$53.5 million of transfers from the general fund appropriations. After payment of all the expenses, the combined revenues in the education fund ended the year with an \$8.8 million surplus.

Although the unrestricted revenues for 2005 fiscal year for the education fund were above the amount budgeted, they were lower than the same revenues last year. The elimination of the estate and legacy tax reduced revenues by \$14.3 million in 2005, and the flexible grant from the federal government, related to the Federal Jobs and Growth Reconciliation Act of 2003 of \$25 million per year, would not recur after the 2004 fiscal year.

The unrestricted revenue for the general and education fund ended fiscal year 2005 with a \$160.4 million surplus (unaudited). Per state law, any surplus determined by an official audit will be transferred by the comptroller to a special nonlapsing revenue stabilization account (rainy day fund). These funds can then be requested by the comptroller to eliminate deficits in any fiscal year operating budget or any surplus is invested by the state treasurer and the interest received is redeposited into

the state general fund. There were no transfers to or from the revenue stabilization fund during fiscal year 2005, so the balance remained at \$17.3 million. Because of the established surplus (\$160.4 million from the end of fiscal year 2005), \$13.5 million was deposited on July 1, 2005, and another \$30.1 million is scheduled to be transferred on July 1, 2006.

Employee Health Insurance

Beginning fiscal year 2004, the State changed to a self-insurance system to provide health insurance benefits for its employees. With this came a change in accounting method. Premiums that were paid to a health insurance carrier used to be included in the general fund. The risk of insurance claims and the associated long-term liability, referred to as "incurred but not reported" (IBNR), was transferred to the insurance carrier and not included on the financial statements. With the change, a new fund called Employee Benefit Risk Management Fund has been created to handle the costs of the self-insurance program. The purpose of the fund is to pool resources to pay for costs associated with the new self-insurance program.

13. Finance - Government

General and Education Funds (Cash Basis)

	June FY 2005 - Year-to-Date			Comparison to FY 04	
	FY 2005 Actual	FY 2005 Plan	FY 2005 Actual vs. Plan	FY 2004 Actual	FY 2005 Actual - FY 2004 Actual
Business Profits Tax	\$211.1	\$234.9	(23.8)	\$172.6	\$38.5
Business Enterprise Tax	247.0	180.1	66.9	235.4	11.6
Subtotal	458.1	415.0	43.1	408.0	50.1
Meals & Rooms Tax	192.6	191.2	1.4	185.4	7.2
Tobacco Tax	100.6	94.9	5.7	100.1	0.5
Liquor Sales and Distribution	114.5	114.5	-	106.7	7.8
Interest & Dividend Tax	67.7	64.0	3.7	55.6	12.1
Insurance Tax	88.4	85.6	2.8	86.2	2.2
Communications Tax	69.7	69.0	0.7	65.8	3.9
Real Estate Transfer Tax	160.6	123.5	37.1	142.7	17.9
Estate & Legacy Tax	12.7	11.4	1.3	27.0	(14.3)
Court Fines & Fees	25.4	25.9	(0.5)	24.7	0.7
Securities Revenue	27.9	28.0	(0.1)	26.3	1.6
Utility Tax	6.2	6.2	-	5.1	1.1
Board & Care Revenue	15.0	11.4	3.6	12.4	2.6
Beer Tax	12.3	13.2	(0.9)	12.4	(0.1)
Racing Revenue	3.5	3.5	-	4.0	(0.5)
Flexible Grant	-	-	-	25.0	(25.0)
Other	57.5	54.4	3.1	57.1	0.4
Transfers from Sweepstakes	72.7	71.0	1.7	73.7	(1.0)
Tobacco Settlement	42.4	39.6	2.8	41.8	0.6
Utility Property Tax	20.1	20.5	(0.4)	20.2	(0.1)
Property Tax Not Retained Locally	20.9	22.4	(1.5)	29.8	(8.9)
Property Tax Retained Locally	350.4	351.1	(0.7)	443.4	(93.0)
Subtotal	1,919.2	1,816.3	102.9	1,953.4	(34.2)
Net Medicaid Enhancement Revenue	146.8	146.6	0.2	149.8	(3.0)
Recoveries	20.5	15.8	4.7	20.4	0.1
Subtotal	2,086.5	1,978.7	107.8	2,123.6	(37.1)
Other Medicaid Enhancement Revenue to Fund Net Appropriations	39.1	22.8	16.3	35.1	4.0
Total	\$2,125.6	\$2,001.5	\$124.1	\$2,158.7	-\$33.1

Source: State of New Hampshire Monthly Revenue Focus. Department of Administrative Services Accessed on December 8, 2003 <<http://admin.state.nh.us/accounting/13th%20Period%20FY03.pdf>>

13. Finance - Government

After finishing the second year, fiscal year 2005, the self-insurance fund ended with a surplus of \$2.8 million and a cash balance of \$17.3 million. The State currently

has a contract with an outside consultant to help examine the benefits of the new program and review rates annually.

Business Assistance Credit (BAC)

An initiative recently approved provides a tax break to businesses for high energy bills. The proposal,

Unrestricted Revenue to State General Fund^a

	2001	2002	2003	2004	Source
Total unrestricted revenue (millions)	\$1,826.4	\$1,957.2	\$2,040.5	\$2,125.6	AS
Selected unrestricted general fund revenues					
Business profits tax	\$195.4	\$161.2	\$178.2	\$211.1	AS
<i>Education Fund Portion</i>	\$15.8	\$32.6	\$37.1	\$45.8	AS
Business enterprise tax	\$158.9	\$222.2	\$215.3	\$247.0	AS
<i>Education Fund Portion</i>	\$36.7	\$101.2	\$121.4	\$130.6	AS
Meals/rooms & rental tax	\$164.0	\$170.6	\$175.2	\$192.6	AS
<i>Education Fund Portion</i>	\$6.8	\$6.6	\$6.7	\$7.0	AS
Liquor sales and distribution tax	\$89.3	\$96.2	\$99.0	\$114.5	AS
Sweepstakes transfers	\$59.4	\$66.1	\$66.0	\$72.7	AS
<i>Education Fund Portion</i>	\$59.4	\$66.1	\$66.0	\$72.7	AS
Insurance tax	\$66.5	\$76.1	\$82.2	\$88.4	AS
Securities revenue	n/a	\$26.1	\$25.8	\$27.9	AS
Tobacco tax	\$86.4	\$84.3	\$94.1	\$100.6	AS
<i>Education Fund Portion</i>	\$25.4	\$24.0	\$27.0	\$28.0	AS
Tobacco settlement	\$38.7	\$45.7	\$45.9	\$42.4	AS
<i>Education Fund Portion</i>	\$38.7	\$40.0	\$40.0	\$40.0	AS
Interest and dividends tax	\$76.7	\$70.3	\$56.1	\$67.7	AS
Board and care revenue	\$13.3	\$10.7	\$11.2	\$15.0	AS
Estate and legacy tax	\$59.3	\$57.0	\$55.5	\$12.7	AS
Telephone/communication tax	\$49.0	\$64.7	\$63.2	\$69.7	AS
Real estate transfer tax	\$89.2	\$99.5	\$118.2	\$160.6	AS
<i>Education Fund Portion</i>	\$29.7	\$33.1	\$39.4	\$52.2	AS
Utilities tax	\$9.7	\$5.6	\$5.6	\$6.2	AS
Utilities property tax	\$15.6	\$18.2	\$18.8	\$20.1	AS
<i>Education Fund Portion</i>	\$15.6	\$18.2	\$18.8	\$20.1	AS
Statewide property tax (not retained locally)	\$24.2	\$29.0	\$32.7	\$20.9	AS
<i>Education Fund Portion</i>	\$24.2	\$29.0	\$32.7	\$20.9	AS
Statewide property tax (retained locally)	\$418.0	\$454.1	\$453.0	\$350.4	AS
<i>Education Fund Portion</i>	\$418.0	\$454.1	\$453.0	\$350.4	AS
Uncompensated care pool	\$13.0	\$16.3	\$16.6	n/a	AS

^aState of New Hampshire Monthly Revenue Focus, Preliminary Accrual, Department of Administrative Services, June FY 2005

13. Finance - Government

called the Business Assistance Credit, is aimed at helping all businesses pay the increasing burden of high energy bills. The benefit would be a dollar-for-dollar match, up to \$500

for the 2006 tax year. The purpose is to help alleviate some of the financial burden to the businesses that help the state's economy thrive. The initiative is expected to cost

approximately \$18 million. This expense would be offset by a surplus in business tax revenues.

Anita Josten

State Government General Revenue

	2001	2002	2003	2004	Source
As reported by Administrative Services (millions)	\$3,230.2	\$3,473.2	\$3,732.8	n/a	AS
From Federal Government (millions)	\$983.3	\$1,072.0	\$1,198.7	n/a	AS
As reported by Census Bureau	\$3,999.5	\$4,390.7	\$4,566.3	n/a	CB
From Taxes	\$1,775.6	\$1,897.0	\$1,959.2	n/a	CB
General Revenue per \$1,000 Personal Income:					
New Hampshire	\$93.83	\$101.00	\$102.56	n/a	CB/BEA
United States	\$120.38	\$119.77	\$121.49	n/a	CB/BEA
United States rank	47	43	43	n/a	CB/BEA
Rank in General revenue from taxes	50	50	49	n/a	CB/BEA
Rank in General revenue from Federal Gov't	n/a	n/a	n/a	n/a	CB/BEA
General Revenue per Capita					
New Hampshire	\$3,177	\$3,441	\$3,543	n/a	CB
United States	\$3,685	\$3,698	\$3,833	n/a	CB
United States rank	42	36	37	n/a	CB/NHES

State Government General Expenditures

	2001	2002	2003	2004	Source
As reported by Administrative Services (millions)	\$3,345.3	\$3,640.4	\$3,909.1	n/a	AS
As reported by Census Bureau (millions)	\$3,890.5	\$4,176.7	\$4,591.8	n/a	CB
General Expenditures per \$1,000 Personal Income:					
New Hampshire	\$91.27	\$101.07	\$103.14	n/a	CB/BEA
United States	\$119.81	\$125.22	\$127.12	n/a	CB/BEA
United States rank	48	48	44	n/a	CB/BEA
For Education	48	45	44	n/a	CB/BEA
For Public welfare	38	46	40	n/a	CB/BEA
For Highways	37	40	41	n/a	CB/BEA
General Expenditures per Capita					
New Hampshire	\$3,090	\$3,273	\$3,562	n/a	CB
United States	\$3,668	\$3,865	\$4,010	n/a	CB
United States rank	43	45	38	n/a	CB/NHES

13. Finance - Government

State & Local Government General Revenue Per \$1,000 Personal Income (FY ending 6/30)

	2001	2002	2003	2004	Source
Total general revenue	na	\$145.38	n/a	n/a	CB/BEA
United States rank	n/a	n/a	n/a	n/a	CB/BEA
Total taxes	n/a	n/a	n/a	n/a	CB/BEA
United States rank	n/a	n/a	n/a	n/a	CB/BEA
Property tax	n/a	\$49.24	n/a	n/a	CB/BEA
United States rank	n/a	0	n/a	n/a	CB/BEA
Percent of total taxes	n/a	60.3%	n/a	n/a	CB/BEA
Percent of general revenue	n/a	33.9%	n/a	n/a	CB/BEA
United States rank	n/a	n/a	n/a	n/a	CB/BEA

Property Valuations, Equalized

	2001	2002	2003	2004	Source
State total equalized valuation (millions)	\$99,074	\$114,813	\$127,989	\$144,467	RA
Annual percent change	14.3%	15.9%	11.5%	12.9%	RA/NHES
Percent in Hillsborough & Rockingham Counties	56.1%	55.3%	54.3%	53.6%	RA
Property tax assessment ratio	0.83	0.79	0.79	0.81	RA
Full value tax rate per \$1,000	\$19.21	\$17.76	\$16.83	\$15.90	RA

Unemployment Insurance Tax

	2001	2002	2003	2004	Source
Average tax per worker (federal & state) in covered employment	\$109	\$107	\$119	\$191	NHES

14. Education

New Hampshire school children in grades three through eight took a new test for the first time in October 2005.



Hurricanes Katrina and Rita affected many aspects of the New Hampshire society. For example school transportation, electricity, and heating bills will most likely exceed their budgets. With increased energy costs, school boards may renew discussion about a four-day school week or otherwise change the school year. A new rule, effective July 1, 2005, adopted by the New Hampshire Board of Education, gives schools two options of how to meet the requirement for the minimum standard of instructional time. They can either use the 180-day calendar or they can switch to a schedule based on minimum hours of instruction. Elementary students would have to have at least 945 hours of instructional time and middle and high school students would have to have 990 hours.

Testing and Quality of Education

Testing has become an integral part of the No Child Left Behind Act. In late summer 2005, newly hired elementary school teachers were surprised when they found they had to pass a competency test, in order to teach.

Praxis II is a standardized test for kindergarten through 6th grade teachers that measures their knowledge in four subjects: math, science, social studies, and language arts. Under No Child Left Behind, this test is a control mechanism to ensure that teachers are "highly qualified". Hence, if federal dollars are paying for elementary teachers, new teachers have to pass the test.¹

New Hampshire school children in grades three through eight took a new test, the New England Common Assessment Program (NECAP), for the first time. This new test is also part of the No Child Left Behind Law. In prior years, the state assessed 3rd, 6th, and 10th graders, but the No Child Left Behind Law requires students to be assessed annually in reading and math in third through eighth grade. Fifth and eighth graders are also tested on writing. NECAP will allow the

New Hampshire Department of Education to track the individual student year after year, whereas the old method of assessment compared third, sixth, and tenth graders from one year with other third, sixth, and tenth graders from another year. The new test has been developed in collaboration with Rhode Island and Vermont. Another change is that the students are tested in October instead of in the spring. Some teachers see this as a positive change, as the results can be evaluated with students and parents in the current year and measures/action can be taken in order to improve future test results.

Some teachers and parents felt that taking four days out of the regular teaching schedule in order to take this new assessment test was a little too much. Arguments were that the students were very tired by the end of the testing and that four days of regular teaching was missed.

2005 New Hampshire Educational Improvement and Assessment Program Test Results

Grade Ten - 16,592 Students				
Subject	Advanced	Proficient	Basic	Novice
Reading	11%	34%	34%	19%
Mathematics	16%	23%	33%	26%

The NHEIAP test for third graders and six graders has been changed to the NECAP test, therefore they were not tested in May 2005.

The students in tenth grade were tested in May 2005, as usual, using the old test - New Hampshire Educational Improvement and Assessment Program. Test results showed that there was an increase in the percent of students scoring at the basic level or above. Over the last four years, the students have improved on the level of math. In spring 2005 about 1,100 more students performed at the basic level, or above, in math, in comparison with the 10th graders taking the test in spring 2004. No Child Left Behind requires all schools to have a certain percentage of their students performing at the basic or above level in both reading and math. In reading, 79 percent of the tenth graders this year scored at the basic or above level in comparison to 78 percent of the tenth graders in spring 2004.

Even though students improved statewide, more

schools failed to meet the performance goals (Yearly Adequate Progress) for two years in a row. This means that 33 schools are now on the list of schools “in need of improvement”. A school can fail if any subgroup (i.e. minority, poverty) is not meeting the performance goal.

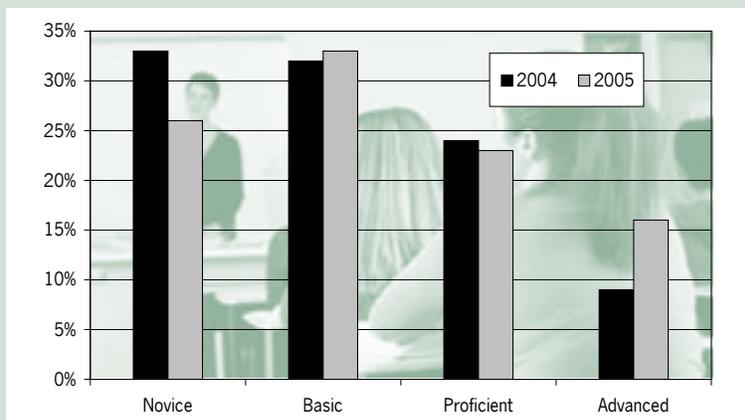
An Alternative School Choice

Franklin Career Academy, the first charter school to open in the state, closed due to financial hardship. The problem was, though the state approved it, the Franklin school board was not willing to pass funds on to the Academy. The North Country Alternative Charter School on the other hand, was formed with local support from the towns both in New Hampshire and Vermont that send students. This school targets students who are at risk for dropping out. There is actually a

larger need than the school can accommodate. Four additional charter schools have opened so far, and two are on the drawing board: a business oriented school in Goffstown, and an equestrian academy in Rochester. These schools are scheduled to open in January and spring 2006, respectively.

As of October 1, 2004 there were 81 students enrolled in Charter Schools in New Hampshire. The question is not whether charter schools have a place in New Hampshire’s educational landscape, but how the schools are funded. As the funding stands now, opening a Charter School creates additional competition for the limited amount of resources at the school district level. As the school district has no say over whether or not a charter school should be recognized, some school districts do not want to channel the state portion of school funding on to the charter school. The question of how to fund charter schools in New Hampshire is not resolved.

Tenth graders in New Hampshire improved in mathematics from 2004 to 2005



Dropout Prevention

A new proposed state law, initiated by Governor Lynch, proposes that children be required to stay in school until they turn 18. The current law does not require students to attend school after age 16. The main reason for the suggested change is that in today’s labor market opportunities for young adults without a high school

14. Education

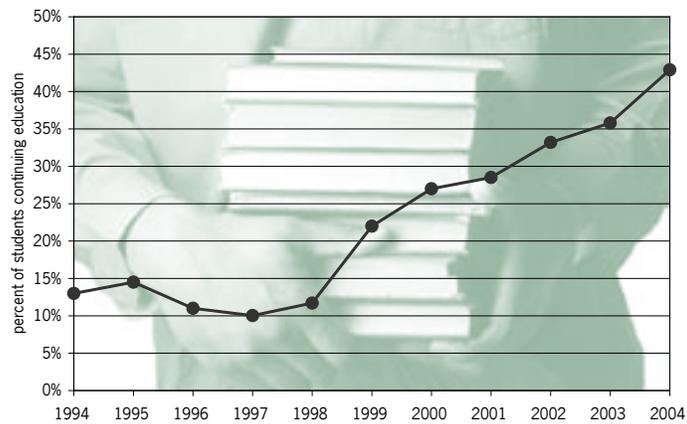
diploma are very limited. However, this plan still needs legislative approval before becoming law.

For now, attention is focused on how to improve secondary education in order to prevent the students from dropping out in the first place. The New Hampshire Department of Education received a three-year "Dropout Prevention Grant" from the U.S. Department of Education. This grant called APEX II allows the department to expand the current dropout prevention program, awarded from the U.S. Department of Education, from 2 to 11 high schools with higher than the average dropout rate. One unique aspect of this project will be the emphasis on a mentoring plan for incoming 9th graders. The goal of the program is to reduce the state dropout rate by 20 percent over the three-year period. In addition this program has objectives for the development of a support process for reentering high school students.

Postsecondary Education

New Hampshire Colleges and Universities are seeking to meet the needs of a constantly changing labor market. New Hampshire's labor market has in the past, to a large extent, relied on importing residents with postsecondary degrees to fill positions in a growing labor market. In an article in Business New Hampshire Magazine from August 2005,

The number of students continuing education after graduation from the New Hampshire Community Technical College System has increased dramatically



Thomas Horgan, president and CEO of the NH College and University Council, noted that 80 percent of New Hampshire residents with postsecondary degrees are neither natives nor graduates of New Hampshire colleges and universities.²

Many companies report that they find it difficult to recruit employees with the right skills. In the 2006 NH Business Outlook Survey, 28 percent of businesses with more than 10 employees that responded listed *lack of qualified labor* as the biggest problem, or challenge, facing their business today.³

New Hampshire has one of the highest median ages in the nation. As baby boomers begin to retire, there will be a strong need for replacement. The challenge for Postsecondary Education in New Hampshire is to meet the needs of the

New Hampshire businesses now as well as in the future. Higher education and workforce development have to be integrated parts for the state to be on the competitive edge of new technology.

What is the role of the community technical colleges? Is it changing? Data from 2001 show that three-quarters of first-time community college students, nationwide are under 24 years of age. "As the baby-boom echo continues to play out in larger high school graduating classes, and as national and state policies focus even more intensely on the intersection between secondary and postsecondary education, this group is of increasing importance to community colleges."⁴ In other words, many students at the community technical colleges today are full-time students entering right out of high school. During the 1980's, as the 18-year-old

population was declining by roughly 25 percent, the community colleges started to offer programs to attract older, part-time students.⁵ By 2004, in New Hampshire, only 3.1 percent of working-age adults (25- to 49-year-olds) were enrolled part-time in any type of postsecondary education, a 20 percent decline over the decade, compared with a nationwide decline of 11 percent.⁶

In 1999 the Trustees of the University System formed a sub-committee to study the issue of transferability of credits between institutions of the University System of New Hampshire (USNH) and the Community Technical College system (NHCTC). Since then the University System of New Hampshire has promoted transfers between USNH and NHCTC.⁷ This initiative has made it easier for community and

technical college students to continue their education at a four-year college. Data from the New Hampshire Community Technical College System show a dramatic increase in the share of its student body continuing education right after graduation. From 1998 to 2005 the percent of students continuing education immediately following graduation increased from 12 percent to 43 percent.

Elementary & Secondary Education

	2001	2002	2003	2004	Source
Enrollment, fall, public & private (includes preschool) ^a	232,906	235,066	235,818	235,230	DE
Growth Rates: Total	1.1%	0.9%	0.3%	-0.3%	DE/NHES
First grade ^b	-1.1%	-2.8%	-1.7%	-1.3%	DE/NHES
Twelfth grade ^b	1.9%	2.5%	6.7%	1.2%	DE/NHES
Career Technology Education Enrollment	11,034	11,950	11,699	11,332	DE
Percent of 9th & 10th grade	20.9%	23.9%	19.2%	16.8%	DE
Percent of 11th & 12th grade	75.3%	72.5%	78.3%	81.2%	DE
High School Career Tech. Education Completers	2,201	2,542	2,887	2,904	DE
Estimated Average Salary of Teachers in Public Elementary and Secondary Schools in current dollars	\$38,301	\$39,915	\$40,519	n/a	UED
United States rank	27	28	29	n/a	UED/NHES
Total number of graduates (public)	11,942	12,285	13,315	n/a	DE
Enrolled in four-year college	53.7%	53.6%	51.8%	n/a	DE
Enrolled in less-than four year college	17.5%	17.9%	19.5%	n/a	DE
Total Non-College ^c	28.8%	28.5%	28.7%	n/a	DE
Scholastic Assessment Test (SAT)					
Statewide average score	1,036	1,038	1,043	1,043	DE
National average score	1,020	1,020	1,026	1,026	DE
Percent of high school graduates taking test	72.0%	73.0%	75.0%	80.0%	DE

^a Home school enrollment included

^b Home school enrollment not included

^c 2004 data was reported at graduation

14. Education

While tuition in four-year colleges is increasing rapidly, community technical colleges have become an affordable alternative for many students, especially with the opportunity to transfer to a four-year college afterward.

Annette Nielsen

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Cost Per Pupil (average)^a

	2001	2002	2003	2004	Source
Total, Net, all purposes (school year)	\$6,738	\$7,233	\$7,809	\$8,497	DE
Annual percent change	6.0%	7.4%	8.0%	8.8%	DE/NHES
Current expenditures per pupil in average daily attendance	7,656	8,230	n/a	n/a	UED
Expenditures as % per capita income:					
New Hampshire	22.7%	24.2%	n/a	n/a	UED/NHES
United States	26.1%	26.9%	n/a	n/a	UED/NHES
Revenue sources, percent of total school revenues:					
State funds	51.6%	51.8%	n/a	n/a	UED
National average	49.7%	49.2%	n/a	n/a	UED
United States rank (District of Columbia not included)	24	22	n/a	n/a	UED
Local and other funds ^b	41.5%	41.1%	n/a	n/a	UED
National average	40.8%	40.5%	n/a	n/a	UED
United States rank (District of Columbia not included)	22	22	n/a	n/a	UED
Federal funds	4.5%	4.7%	n/a	n/a	UED
National average	7.3%	7.9%	n/a	n/a	UED
United States rank (District of Columbia not included)	48	48	n/a	n/a	UED

^a Prior to 2004, home schooled students were included in Average Daily Attendance, so approximately \$200 of the 2003 to 2004 increase is attributable to this change.

^b Includes gifts, tuition, and fees from patrons.

14. Education

Postsecondary Education					
	2001	2002	2003	2004	Source
Community Technical College Graduates	1,319	1,490	1,577	1,747	CTC
Percent working full-time after six months ^a	70.1%	68.1%	69.0%	52.7%	CTC
Percent of those working in New Hampshire	83.2%	78.4%	79.3%	68.3%	CTC
Percent continuing education	28.5%	33.2%	35.8%	42.9%	CTC
Enrollment, fall total, 2 & 4 year institutions	64,032	67,923	69,848	69,864	PEC
Degrees Granted by NH Colleges	14,246	13,149	13,780	13,800	PEC
Associate degrees	2,841	2,951	3,192	3,280	PEC
Bachelor degrees	7,903	7,596	7,922	7,918	PEC
Postgraduate degrees inc. first professional degrees	3,502	2,602	2,666	2,602	PEC
By Selected Concentration:					
Business management and administration	n/a	3,384	3,473	3,586	PEC
Health sciences including M.D.	917	844	1,100	1,215	PEC
Engineering	362	242	272	304	PEC
Computer and information sciences	528	677	678	664	PEC
Education	525	683	1,000	1,209	PEC
Social Science and History	1,035	1,151	939	965	PEC

^a Percentages are based on a survey

15. Health

Creating awareness at an early age that exercise is part of a healthy lifestyle, is the goal of a new campaign called Walk New Hampshire.



For yet another year, United Health Foundation placed New Hampshire among the top ranking states in the America's Health Rankings™, 2005 Edition. However, it dropped from second to third place. Minnesota and Vermont ranked first and second. This might not seem like a significant change, but the state has not ranked third since 1997. In seven of the 15 years the report has been published, New Hampshire ranked first. One of the challenges for the state is a high prevalence of smoking, at 21.6 percent of the population, ranking New Hampshire 29th among all states, the worst ranking for the state in any of the categories. Since last year the state has had a significant change in the rate of uninsured population. The rate increased from 10.3 percent in 2004 to 11.7 percent in the 2005.

Health Care Insurance

Effective January 1, 2006 a new law, replaced the existing law created by SB 110. This new law will reintroduce the community-based rating standards for smaller companies and establish the New Hampshire Small

Employer Health Reinsurance Pool. It was viewed by many that SB 110 was unfair, as it allowed insurance companies to set rates based on medical preconditions and geographic location. However, SB 125 still allows insurance companies to adjust rates for group size, age, and industry classification. The reinsurance pool is designed to encourage carriers to provide health insurance to New Hampshire's small businesses by spreading the cost of groups with unusually high health care expenses. Very few carriers have said they will be leaving the state's insurance market because of the new law.

The problem of rising health insurance costs is still not solved even though the Kaiser Family Foundation's 2005 Employer Health Benefits survey showed that the rate of health insurance cost increases slowed over-the-year to 9.2 percent. Over the last five years (since 2000) health insurance premiums have grown by 73 percent, compared to cumulative inflation of around 14 percent. In response to the rising cost, some employers have either stopped offering health insurance or offer health care plans with a higher deductible. The survey

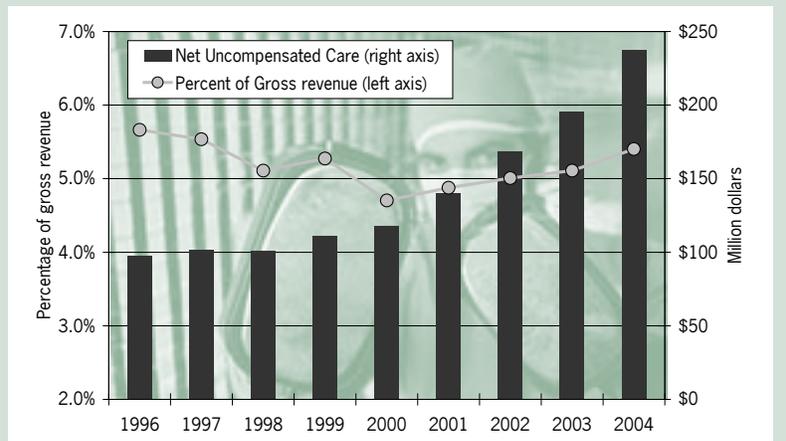
showed, that over the last five years, the percentage of firms offering health benefits to their employees has declined from 69 percent to 60 percent, and in 2005 twenty percent of firms offering health benefits offered a high deductible health plan.¹

A rise in the number of people that are uninsured or have high deductibles may lead to a higher percentage of bad debt at hospitals. Since 1999, the nominal value of bad debt at New Hampshire hospitals has doubled. However, uncompensated care as a percent of gross revenue is less today than in 1996 and 1997.

Preventative Measure

Exercise is critical in keeping students healthy. In spring 2004, the New Hampshire legislature finalized a new rule to support daily physical activity.² As a result, the Department of Education announced its provision to implement the law in October 2005. Each local school board must adopt a written policy about developmentally appropriate physical activity. The policy suggests that all students in elementary school through high school do a minimum of 30 to 60 minutes of exercise each day.

In the last couple of years New Hampshire hospitals net uncompensated care has increased significantly



Creating awareness at an early age, that exercise is part of a healthy lifestyle, is the goal of a new campaign called Walk New Hampshire. This campaign, launched by the Foundation for Healthy Communities, is targeted toward school age children 6-12 years old. The idea is for each student to either walk the length or the width of the state (70 Miles or 190 miles) during the school year. The participating students will keep track of their miles with a log and by the end of the year, they will receive an "I Walked NH" patch if they reach their goal.³

Mosquito-Borne Diseases

For the third year in a row, West Nile virus appeared in the state in late summer. The first dead crow, with West Nile Virus, was found in early August. By early November, 46 dead birds had tested positive for the West Nile virus. Unfortunately,

another mosquito-borne disease, called Eastern Equine Encephalitis (EEE), returned more profoundly to the southern and central parts of the state. Six human cases were detected, of whom two died from the infection. In total 54 EEE-infected dead birds were detected, and some of these were found as far north as Plymouth and Meredith. Residents were advised to use DEET-containing products. As an alternative, products containing Picardin were also recommended.⁴

Communities reacted differently to the threat of EEE. Some areas such as Manchester decided to spray the city property, whereas Concord opted not to do so. A new bill (HB 1464), establishing a state mosquito control fund to assist cities and towns, has been introduced in the House and is scheduled for hearing in January 2006.

Avian Flu - A Pandemic

The H5N1 virus (an Influenza A subtype) has infected more than 138 people in Southeast Asia and China (only 5 of the cases) since 2003. Of these, 71 have died.⁵ So far, this virus is not capable of spreading efficiently in humans. A pandemic is feared, as this type of Influenza A virus is constantly changing and might adapt over time to infect and spread among humans more easily. How will it be possible to prevent the disease from spreading from Asia to the rest of the World? Thousands of persons arrive every day to the United States from Asia. The drug called Tamiflu, so far, is the only medicine considered effective against avian influenza. After international pressure, the pharmaceutical giant Roche Holding AG (the patent holder of Tamiflu) is negotiating with various companies interested in producing Tamiflu. The Swiss company, Roche, is more or less compelled to cede its license to other companies because of a clause in the World Trade Organization (WTO) charter. This clause allows countries threatened by epidemics to produce the necessary medicines in a generic manner, without needing the authorization of the company that holds the patent. This expansion of the production of Tamiflu, it is hoped, will alleviate a possible shortfall of the medication.⁶ However, flu viruses can become resistant to the drugs that earlier-on were effective in combating them.

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The H5N1 strain has also been detected in birds in six regions of Russia and Kazakhstan, and more recently, the virus has been reported among poultry in Turkey and Romania. Mongolia and Croatia have reported outbreaks of H5N1 in wild, migratory birds.⁷

Is New Hampshire prepared if the avian flu arrives in the state? In mid November 2005, the Granite State ran an avian pandemic flu drill. As part of the drill, three all-day clinics were conducted on a Saturday, in schools in Manchester, Portsmouth, and Colebrook. To make the drill a real-life opportunity, real flu shots were dispensed. Because of a delay in the state's vaccine shipments, state officials revised plans and offered the shots, initially, only to residents most at risk. Organizers felt the drills were a success, and many lessons were learned. Statewide, about 2,000 at risk residents were vaccinated

that, otherwise, might not have had access to flu shots.

At a New Hampshire-Vermont Emergency Preparedness Conference in November 2005, Governor Lynch proposed better coordination between the states in preparing for emergency management. He pointed out that an avian flu pandemic does not respect borders.

Increasing Demand for Services

A combination of growing demand due to aging of the population and rising cost of health care has caused the New Hampshire Legislature to look into a Medicaid reform - also referred to as the GraniteCare Proposal. As part of this process the Legislature passed House Bill 691, putting the New Hampshire Department of Health and Human Services (DHHS) in charge of making sure that persons receiving long-

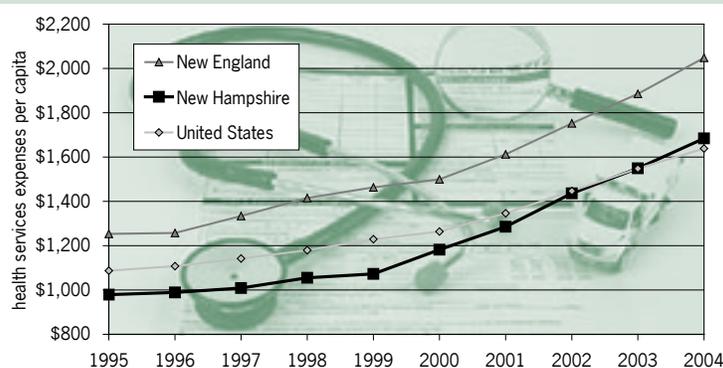
term care are paying for the service to their financial ability. In order to execute this law, New Hampshire DHHS submitted a Medicaid Waiver to the Center for Medicare and Medicaid Services in September 2005. The intention of this waiver is to "assure that otherwise ineligible individuals are prevented from artificially impoverishing themselves to receive benefits to which they are not otherwise entitled and to facilitate recovery of improperly obtained benefits and to assure the fiscal integrity of the fund appropriated for Medicaid".⁸

Change in Medicare Plan

Beginning November 15, 2005, Medicare beneficiaries could sign up for a new Medicare Drug Prescription plan scheduled to take effect January 1, 2006. This new program has caused some confusion because many different plans are offered. Depending on the type and the amount of prescription drugs needed, each eligible Medicare beneficiary will have to calculate which insurance plan is the most favorable to him or her. Initially, there was also the misconception that the new Medicare Drug Prescription plan was for low-income Medicare recipients only. It is a major concern whether all eligible recipients will have signed up in time for the change.

Annette Nielsen

Since 1999, health services expenses per capita increased faster in New Hampshire than in the nation



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Hospital Insurance

	2001	2002	2003	2004	Source
Medicare: (thousands)					
Aged	148	150	152	n/a	SSA
Disabled	24	26	27	n/a	SSA
Average covered charge per day of care					
Short-stay hospitals					
New Hampshire	\$2,696	\$3,027	\$3,384	n/a	SSA
New England	\$2,610	\$2,862	\$3,194	n/a	SSA
United States	\$3,108	\$3,608	\$4,157	n/a	SSA
Skilled nursing facilities					
New Hampshire	\$437	\$470	\$484	n/a	SSA
New England	\$438	\$459	\$480	n/a	SSA
United States	\$463	\$475	\$488	n/a	SSA
Medicaid:					
Average payments per recipient					
New Hampshire	\$7,121	\$7,161	n/a	n/a	SSA
United States	n/a	\$4,291	n/a	n/a	SSA

Workers' Compensation Payments

	2001	2002	2003	2003	Source
Reported injuries & compensable disabilities (fiscal year)					
Injuries per 100 in employment	9.1	8.5	8.5	8.1	LD
Compensable injuries per 100 in employment	0.84	0.75	0.75	0.63	LD
Benefits paid by insurance companies and self insurers					
(Calendar year, millions)	\$171.9	\$173.6	\$181.3	\$176.4	LD
Annual percent change	8.9%	1.0%	4.4%	-2.7%	LD/NHES

15. Health

Health Services

	2001	2002	2003	2004	Source
General hospitals, acute care only (excludes nursing home beds)					
Total admissions	116,071	117,996	117,814	117,130	HA
Percent change	4.4%	1.7%	-0.2%	-0.6%	HA
Gross revenue in millions	2,875	3,362	3,825	4,394	HA
Uncompensated Care (millions)					
Bad Debt plus Charity Care	\$140	\$168	\$195	\$237	HA
Admissions per 1,000 population					
New Hampshire	92	93	92	90	HA
New England	112	112	113	115	HA
United States	119	120	120	120	HA
Statewide total number of inpatient days	637,239	646,838	637,803	648,454	HA
Percent change	4.1%	1.5%	-1.4%	1.7%	HA
Inpatient days per 1,000 population:					
New Hampshire	506	508	495	499	HA
New England	651	645	623	643	HA
United States	681	683	676	673	HA
Average length of stay (in days):					
New Hampshire	5.5	5.5	5.4	5.5	HA
New England	5.8	5.8	5.5	5.6	HA
United States	5.7	5.7	5.7	5.6	HA
Statewide emergency room visits	537,367	550,390	547,870	563,318	HA
Statewide inpatient surgeries	33,702	33,553	33,535	37,755	HA
Statewide outpatient surgeries	75,467	85,056	87,795	94,192	HA

Total Expense Per Capita

	2001	2002	2003	2004	Source
New Hampshire	\$1,285	\$1,436	\$1,549	\$1,684	HA
Annual percent change	8.7%	11.8%	7.9%	8.7%	HA/NHES
New England	\$1,612	\$1,752	\$1,886	\$2,048	HA
Annual percent change	7.5%	8.7%	7.6%	8.6%	HA/NHES
United States	\$1,346	\$1,447	\$1,548	\$1,639	HA
Annual percent change	6.5%	7.5%	7.0%	5.9%	HA/NHES

16. Social Assistance

Findings showed that although New Englanders may not give as much, almost 90 percent do give compared to approximately 67 percent nationally.



Residents' first reaction to the news of this summer's hurricanes was to open their wallets and checkbooks. That same behavior occurred after the flooding in the southwestern part of the state in October. Donations came in to help those who had lost their homes and other property. There are also a number of community-based organizations that survive on peoples donation of time and energy.

So, why did the annual report issued by the Catalogue for Philanthropy find that New Hampshire was the "least giving" of all 50 states? How could this "Generosity Index" come up with such a finding? Understanding the admittedly simplistic ranking system may help to put results into perspective. The index ranks each state by its Average Adjusted Gross Income (AAGI) and its Average Itemized Charitable Contribution (AICC) provided on IRS tax forms. They then subtract first rank from the second.¹ Ranking this difference yields the "index". "Index" is a misnomer for what is truly a ranking. The ranking system was established to develop discussion of a state's ability

to contribute versus what residents actually do, but it misses several dimensions that affect donations, like cost of living differences, and differences in tax burdens. Another problem arises in that this only accounts for itemized contributions that are included on tax returns. Nonetheless, rankings do establish or suggest labeling and New Englanders, because of their higher incomes, typically rank very low with this index, assigning the region the appellation of being the stingiest in the nation.² In evaluating a ranking system, it is also important to see if there is an agenda involved. In this case, a Massachusetts organization wants to highlight what it perceives as poor charitable performance of Bay Staters.

The New Hampshire Charitable Foundation, along with representatives from the other New England states who are similarly categorized through such annual rankings, sponsored another study to review donations, [A Closer Look at New England Giving](#) (November 2005). This was done by the Center on Philanthropy at Indiana University (Center on Philanthropy Panel Study). The study uses survey results that have been tabulated

for several years, organized by state but not by region. The results are expanded to include religious/secular giving and the differences between New England and the rest of the nation. It also includes some considerations for the differences in cost of living expenses for the areas as well.³ These findings showed that although New Englanders may not give as much, more people, almost 90 percent, do give compared to approximately 67 percent nationally. The percentage of people in New England who give to religious organizations is higher than the national average as well, about 50 percent versus around 45 percent nationally. The report also shows that charitable giving by New Englanders is less likely to be influenced by other factors like education, wealth, and marital status.

Charity Fatigue

After establishing that New Hampshire and New England residents aren't tight fisted with their money, the holidays came in with the seasonal and growing demands of local residents who need assistance with winter heating bills and holiday giving. Concerns surfaced that after such an emotionally and financially

16. Social Assistance

draining year, there may not be much left to give going into the holiday season. Fortunately, those fears were apparently unfounded. By the end of December, the St. Vincent de Paul Society in Laconia had not seen any real change in the levels of donations and contributions. They had constant donors and big contributors, but have also experienced high levels in donations of clothing and household items that they sell in their thrift store. They were able to provide Christmas "giveaways" for over 700 children this year. There are many avenues available for people to give and receive help during the holiday season, such as Operation Santa Claus, the Santa Fund, and Cash and Can Drives. "People still give to take care of their communities" according to Erika Johnson of the St. Vincent de Paul Society.⁴

Salvation Army volunteers didn't feel any reductions in seasonal contributions as they shopped for as many children's Christmas presents as in prior years. United Way does its annual contributions campaign in the fall and, although final figures aren't in yet, they hadn't noted any drastic reductions in giving.

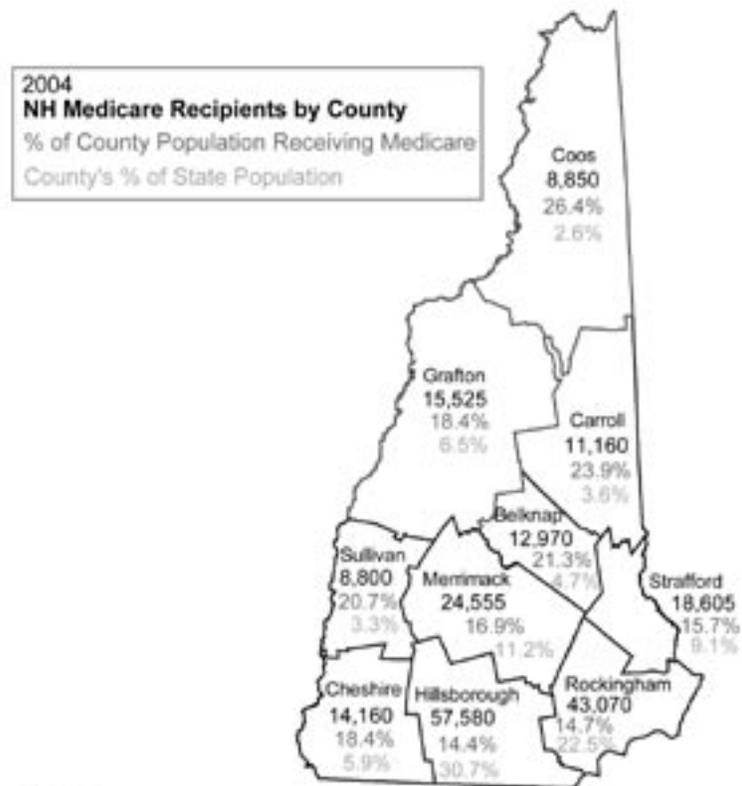
Unfortunately that wasn't the case for all agencies. The Community Council of Senior Citizens in New Hampshire's seacoast area will be closing its doors in February 2006. The main cause for the closure

was cited as the decrease in donations and grants and reductions in state funding.⁵

Medicare

One of the benefits of the Social Security Act is the access to medical insurance. There has been an option available to many through Medicare Part B - commonly referred to as outpatient coverage. Medicare Part B coverage will take on new meaning as January 2006 approaches and the new option of Medicare Part D becomes effective.

The Medicare Part D is the new prescription drug plan. A beneficiary must be enrolled in either Medicare Part A (often called inpatient coverage) or Medicare Part B to be eligible for Medicare Part D coverage. Otherwise drugs that would be covered by Part D, under the Part A or Part B plans, would not be eligible for payment. Enrollment for this new coverage started in November 2005 and will continue through May 15, 2006 for people to be eligible for early 2006. If an eligible beneficiary postpones



Sources:
US Census, Table 3: Annual Estimates of Population Change for Counties of New Hampshire and County Rankings: July 1, 2003 to July 1, 2004
Social Security Administration, Office of Policy, Table 4: Number of Beneficiaries with benefits in current-payment status by county, type of benefit, and sex of beneficiaries aged 65 or older, December 2004

enrolling for Medicare Part D coverage until after the initial enrollment date, they risk having to pay higher premiums for their coverage.

On the surface it sounds like a wonderful alternative to no prescription coverage at all. The challenge comes in trying to digest the different options available. Each state has participating private firms that provide coverage. As of late October 2005, New Hampshire had 41 stand-alone Prescription Drug Plans (PDPs).⁶ The task for seniors and disabled recipients of Medicare is to decipher which plan would work best for them. The Social Security Administration restricted pharmacists from counseling patients on which plan would be most suitable. That prevented recipients from getting advice from a source they knew and trusted.

Another question is how do those recipients who are

eligible for both Medicare and Medicaid go about finding coverage? Those in New Hampshire, who are considered dual-eligible, are being automatically enrolled in a Medicare Part D program that will cover their prescriptions. Although every effort is being made to prevent interruption of coverage, there are concerns that some people may be missed.⁷ Prior to January 2006, Medicare recipients could buy a prescription drug discount card through the Centers for Medicare and Medicaid Services. These are no longer available after December 31, 2005. Drug discount card coverage will end May 14, 2006.⁸

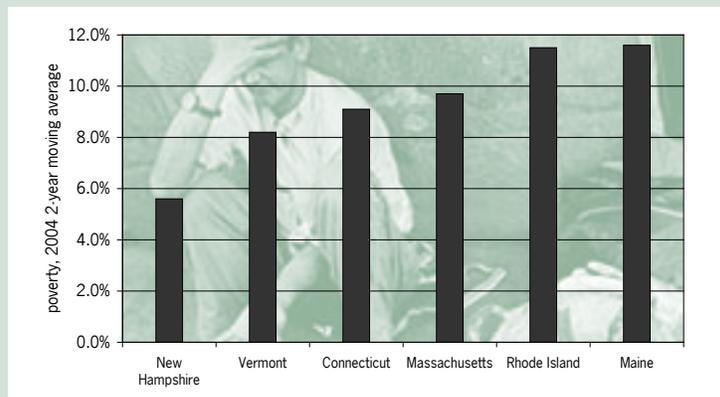
Low Income and Poverty

Everyone is watching their gauges and meters, conserving energy as best as they can to keep their expenses in check.

New electric surcharges and fuel oil price increases have even the financially comfortable ill-at-ease. Low income people have fewer options, and spend a higher percent of their income on heating and lighting their homes. The Office of Energy and Planning (OEP) administers a statewide Low Income Home Energy Assistance Block Grant (LIHEAP) for those who are having trouble paying for heat during the winter season. The LIHEAP, commonly referred to as the Fuel Assistance Program, is federally funded and is contracted through six local Community Action Agencies (CAAs). Renters and homeowners are eligible for the Fuel Assistance Program.⁹

New Hampshire has taken pride in having one of the lowest poverty rates in the nation. In 2004 New Hampshire had a two-year moving average poverty rate of 5.6 percent. This was the lowest average in the nation, followed by Minnesota with 7.2 percent and Delaware and Vermont each with 8.2 percent.¹⁰

New Hampshire's poverty rate is substantially lower than the other New England states, and ranked lowest in the nation



There has been growing discussion as to the demographics of people in poverty in the state. Is there a segment of our population that needs assistance and is being overlooked? According to the 2004 American Community Survey, in New Hampshire 7.6 percent of the population was at or below the poverty level. The age cohorts drawing the

16. Social Assistance

most attention are children under 18 years old and senior citizens 65 years and older. The survey results had 9.7 percent of the population 18 years and under as being at or below the poverty level, and 8.3 percent of those 65 years and older. If these two age groups are removed, the poverty rate of the remaining population is 6.7 percent. That means that although the poverty rate people age 65 and over is only 0.8 percentage points above the statewide rate, it is 1.6 percentage points above the prime age cohort. The under 18 years cohort is 2.1 percentage points higher

than the statewide average for poverty, and 3.0 percentage points higher than the prime age cohort.

Anita Josten

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Poverty

	2001	2002	2003	2004	Source
Persons below poverty (percent of population) - Caution: relatively large standard errors					
New Hampshire	6.5%	5.8%	5.8%	5.6%	CB
Connecticut	7.3%	8.3%	8.2%	9.1%	CB
Maine	10.3%	13.4%	12.5%	11.6%	CB
Massachusetts	8.9%	10.0%	10.1%	9.7%	CB
Rhode Island	9.6%	11.0%	11.3%	11.5%	CB
Vermont	9.7%	9.9%	9.2%	8.2%	CB
United States	11.7%	12.1%	12.3%	12.6%	CB

Temporary Assistance for Needy Families (TANF) - annual averages

	2001	2002	2003	2004	Source
Total cases (average open on last day of December)	5,653	5,946	5,889	5,997	DHHS
Percent annual change	7.0%	5.2%	-1.0%	1.8%	DHHS
Average case size	2.4	2.4	2.3	2.3	DHHS
Percent with earned income	35.0%	38.0%	41.0%	37.8%	DHHS
Number with non-parent relative in case	1,696	1,796	1,848	1,989	DHHS
Annual percent change	3.5%	5.9%	2.9%	7.6%	DHHS
Individuals meeting 60 month benefit limit (as of Sept. 30)	149	129	126	162	DHHS

16. Social Assistance

Social Security Recipients (December data)

	2001	2002	2003	2004	Source
Total OASDI including spouses and children	204,140	207,860	213,520	215,287	SSA
Annual percent change	1.8%	1.8%	2.7%	0.8%	SSA
Retirement (Retired workers) ^a	135,720	137,330	140,150	141,959	SSA
Survivor ^b	18,520	18,220	17,950	n/a	SSA
Disability (Disabled workers) ^a	23,600	25,450	28,010	n/a	SSA
Age 65 and over	147,120	148,790	151,530	n/a	SSA
Percent of total OASDI recipients	72.1%	71.6%	71.0%	n/a	SSA/NHES
Age 65-69 years	39,530	39,780	40,680	n/a	SSA
Age 70-74 years	37,880	37,520	37,240	n/a	SSA
Age 75 years and older	69,710	71,490	73,610	n/a	SSA
Percent women	57.4%	57.3%	57.2%	n/a	SSA/NHES
Children aged 17 and under	12,980	13,810	14,540	n/a	SSA
Monthly OASDI benefit amount total (thousands) ^c	\$128,324	\$132,981	\$136,964	n/a	SSA
Retired workers (median)	\$896.00	\$919.70	\$947.60	n/a	SSA
Non-disabled widows and widowers (median)	\$895.50	\$916.00	\$941.60	n/a	SSA
Disabled workers (median)	\$767.00	\$781.70	\$798.00	n/a	SSA

^a Excludes spouses and children

^b Excludes children

^c Beneficiaries aged 65 or older

17. Crimes & Crashes

The total number of fraud and identity theft complaints from New Hampshire consumers in 2004 was 2,277.



New Hampshire's violent crime index for 2004 was 167.0. New Hampshire had the third lowest ranking in New England, however, it was the only state in the region that had an increase in its index over last year. The FBI tabulates this rate for all states. The violent crime index includes murder and nonnegligent manslaughter, forcible rape, robbery, and aggravated assault.

Nonviolent Crimes - Fraud

As early as January 2005 the requests started for donations from New Hampshire residents to be used for the tsunami victims. Unfortunately the misfortune of some opened a door for others, who used the tragic event as a means to conduct fraudulent fundraisers. Immediately, information was disseminated to inform the generous population of New Hampshire about how to identify an authentic fundraiser and how to protect themselves from becoming an unknowing victim of fraud.

- Fundraisers should identify themselves and the charity for which they are soliciting

- Charities must be registered with the Charitable Trusts Unit of the New Hampshire Attorney General's Office
- Fundraisers must also register with the Charitable Trusts Unit
- Be cautious if the solicitor's behavior is suspicious, i.e. they are rude, or refuse to identify themselves
- Determine if charitable Internet sites are secure before using
- Use caution when giving credit card information.¹

Those steps are the typical advice given for protection against any kind of fraud.

Identity Theft

A specific type of fraud, growing at a fast pace during recent years, is Identity Theft. In 1998, Congress passed the Identity Theft and Assumption Deterrence Act as a deterrent to this type of offense. This made identity theft a felony crime, gave authority of investigations to federal agencies, and set up an identity theft unit to assist victims in clearing their credit records.

Although this is not a new type of crime, the numbers have been increasing at remarkable rates. In 543 reports of identity theft reported from

Consumer Sentinel Complaint Statistics and Trends, 2004

Rank	Identity Theft Type	# of Victims	Percentage ¹
1	Credit Card Fraud	191	35%
2	Phone or Utilities Fraud	100	18%
3	Bank Fraud ²	93	17%
4	Loan Fraud	33	6%
5	Government Documents or Benefits Fraud	29	5%
6	Employment-Related Fraud	23	4%
-	Other	117	22%
-	Attempted Identity Theft	41	8%

Consumer Sentinel Complaint Statistics and Trends, Federal Trade Commission

¹Percentages are based on the 543 victims reporting from New Hampshire. Percentages add to more than 100 because approximately 16% of victims from New Hampshire reported experiencing more than one type of identity theft.

²Includes fraud involving checking and savings accounts and electronic transfers.

New Hampshire in 2004, there were eight different types of violations: credit card fraud, phone or utilities fraud, bank fraud, loan fraud, government documents or benefits fraud, employment-related fraud, attempted identity theft, and other fraud. The total number of cases was up from the 500 cases reported in 2003. As an indication of how identity theft is increasing, in 2003 New Hampshire ranked 38th lowest in the nation with approximately 38.8 victims per 100,000 population. By 2004, the state ranking had improved to 42nd lowest, but the number of victims had increased to 41.8 per 100,000 population. The total number of fraud and identity theft complaints from New Hampshire consumers in 2004 was 2,277.²

The difficulty in tracking these events is that upwards of 16 percent of the victims reported experiencing more than one type of identity theft. To help educate the public about the growing problem of identity theft, New Hampshire joined in the launch of the seventh annual National Consumer Protection Week. The theme of the week was "Identity Theft: When Fact Becomes Fiction". The purpose of the week was to help provide people with the information they needed to help fight identity theft and to teach them what their rights are and what they should do if they become a victim to identity theft.

Other Fraud

Another new ploy by thieves to acquire personal information is telephone fraud involving jury duty. This method uses an unusual combination of intimidation and surprise. The caller tells the victim that they have not appeared for jury duty and that there is a warrant for their arrest. In an attempt to make an excuse and explain that notification had never been received, the victim provides identification, date of birth, sometimes even social security numbers and credit cards.³ The FBI published a warning to advise the public that the judicial system does not contact people by telephone to ask for personal information, and that anyone receiving that type of request should not provide the information.⁴

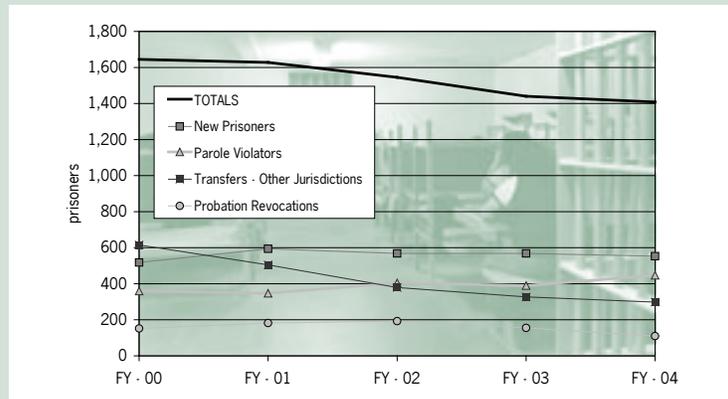
Tougher Penalties

Several highly publicized child abductions during the spring and summer months raised concerns about the

penalties and monitoring of sex offenders in the state.⁵ Law enforcement officials were trying to evaluate the state's methods of tracking sex offenders and notifying communities, to better protect children. To help keep track of offenders, the legislature is considering House Bill 1303, which would require sex offenders to renew their drivers' licenses on an annual basis, rather than the usual five years. If adopted, this legislation would go into effect July 1, 2006.⁶

The State Senate Judiciary Committee passed a bill to help protect the elderly from being abused or defrauded. The bill would assign tougher penalties to those who are convicted of picking their victims because of they are elderly or disabled. It is meant to protect people who are vulnerable and generally live on fixed incomes. The bill will go before the full Senate in early January 2006.⁷

Total new admissions to New Hampshire prisons are trending downward



17. Crime & Crashes

New Hampshire Department of Corrections

The New Hampshire State Prison for Men (NHSP/M) is in Concord. Although the structure was intended to house 928 inmates, in fiscal year 2004 the population was 1,393. The New Hampshire

State Prison for Women (NHSP/W) was relatively less crowded as the population for fiscal year 2004 was only one inmate above the designed 105 person capacity.

New admissions to the prison system come from a couple of sources. There are prisoners newly sentenced, parole

violators, and probation revocations. Overall new admissions to the prison system have been on a downward trend since fiscal year 2000. Primary influences to this are declines in transfers from other jurisdictions and in probation revocations.

Anita Josten

Crime Offenses

	2001	2002	2003	2004a	Source
Total crime offenses ^a	29,233	28,306	n/a	n/a	FBI
Annual percent change	-2.8%	-3.2%	n/a	n/a	FBI
Violent crime offenses	2,144	2,056	1,937	2,170	FBI
Annual percent change	-1.1%	-4.1%	-5.8%	12.0%	FBI
Property crime offenses	27,089	26,250	26,456	26,511	FBI
Annual percent change	-2.9%	-3.1%	0.8%	0.2%	FBI

^aTotal Crime Index not published

Violent Crime Index (per 1,000 population)

	2001	2002	2003	2004	Source
United States	504.5	494.4	475.8	465.5	FBI
New Hampshire	170.2	161.3	150.3	167.0	FBI
Connecticut	334.6	312.5	316.8	286.3	FBI
Maine	111.7	107.8	108.6	103.5	FBI
Massachusetts	477.8	484.9	473.1	458.8	FBI
Rhode Island	309.3	285.6	285.7	247.4	FBI
Vermont	105.1	106.7	114.2	112.0	FBI

Property Crime Index (per 1,000 population)

	2001	2002	2003	2004	Source
United States	3,658.1	3,630.6	3,591.2	3,517.1	FBI
New Hampshire	2,151.0	2,059.8	2,052.9	2,040.1	FBI
Connecticut	2,774.7	2,701.3	2,666.5	2,627.2	FBI
Maine	2,581.1	2,547.3	2,450.2	2,409.6	FBI
Massachusetts	2,610.1	2,612.2	2,562.8	2,459.7	FBI
Rhode Island	3,373.0	3,308.2	2,995.2	2,884.1	FBI
Vermont	2,664.7	2,424.0	2,228.7	2,308.2	FBI

17. Crime & Crashes

- 1 News Releases – NHDOJ, January 10, 2005, [Tsunami Disaster Relief – Beware of Fraudulent Solicitations for Help](http://www.nh.gov/nhdoj/publications/nreleases/011005tsunami.htm), <www.nh.gov/nhdoj/publications/nreleases/011005tsunami.htm>.
- 2 Federal Trade Commission. <www.consumer.gov/sentinel/2004%20Reports/new%20hampshire.pdf>. pg. 45 [New Hampshire Consumer Sentinel Complaint statistics and Trends, January 1 – December 31, 2004](#), created February 1, 2005.
- 3 DOJ News release, October 19, 2005, [Jury Duty Scam](http://www.nh.gov/nhdoj/publications/nreleases/101905.html), <http://www.nh.gov/nhdoj/publications/nreleases/101905.html>
- 4 FBI Press Room – Press Release, [Telephone Fraud Involving Jury Duty](http://www.fbi.gov/pressrel/pressrel05/092805.htm), September 28, 2005, <http://www.fbi.gov/pressrel/pressrel05/092805.htm>
- 5 Concord Monitor, [Lynch wants stronger penalties for sex offenders](http://hosted.ap.org/dynamic/stories/), August 16, 2005, Associated Press, <http://hosted.ap.org/dynamic/stories/>, Accessed August 16, 2005
- 6 House Bill 1303-FN, <http://www.gencourt.state.nh.us/legislation/2006/hb1303.html>
- 7 New Hampshire Senate, Bill proposing harsher penalties for people who abuse elderly or disabled passed by Senate Judiciary Committee, December 23, 2005, <http://gencourt.state.nh.us/senate/press/2005/sb207pr.html>

Criminal Arrests

	2001	2002 ^a	2003	2004	Source
Total	38,816	36,432	n/a	n/a	UCR/NHES
Annual percent change	9.1%	-6.1%	n/a	n/a	UCR/NHES
Total Drug Offenses	2,993	2,463	n/a	n/a	UCR/NHES
Annual percent change	6.3%	-17.7%	n/a	n/a	UCR/NHES
Total DWI Offenses	5,019	4,990	n/a	n/a	UCR/NHES
Annual percent change	10.0%	-0.6%	n/a	n/a	UCR/NHES
Adult Total	31,056	29,282	n/a	n/a	UCR/NHES
Annual percent change	10.5%	-5.7%	n/a	n/a	UCR/NHES
Total Drug Offenses	2,266	1,876	n/a	n/a	UCR/NHES
Annual percent change	4.2%	-17.2%	n/a	n/a	UCR/NHES
Total DWI Offenses	4,896	4,891	n/a	n/a	UCR/NHES
Annual percent change	9.9%	-0.1%	n/a	n/a	UCR/NHES
Juvenile Total	7,659	7,150	n/a	n/a	UCR/NHES
Annual percent change	2.1%	-6.6%	n/a	n/a	UCR/NHES
Total Drug Offenses	730	587	n/a	n/a	UCR/NHES
Annual percent change	13.9%	-19.6%	n/a	n/a	UCR/NHES
Total DWI Offenses	123	99	n/a	n/a	UCR/NHES
Annual percent change	11.8%	-19.5%	n/a	n/a	UCR/NHES

^aPreliminary totals, data is not all in yet

17. Crime & Crashes

State Prison Population

	2001	2002	2003	2004	Source
Number of prisoners in state prisons ^a (fiscal year)	2,336	2,482	2,486	2,441	DC
New Hampshire's incarceration rate ^b (fiscal year)	185	195	193	188	DC/NHES
Probation and parole caseload	4,547	4,808	5,203	5,534	DC
U.S. incarceration rate (federal and state jurisdiction) ^b	470	476	482	486	USDJ
State jurisdiction incarceration rate ^b	422	427	51	53	USDJ
Federal jurisdiction incarceration rate ^b	48	49	429	433	USDJ

^a Number of inmates on June 30th, sentenced for more than one year.

^b Sentenced prisoners with more than 1 year per 100,000 residents.

Traffic Crashes

	2001	2002	2003	2004	Source
Total crashes reported	34,357	40,190	41,843	39,555	DMV
Annual percent change	-10.0%	17.0%	4.1%	-5.5%	DMV/NHES
Total injuries reported	11,221	15,835	16,486	15,585	DMV
Annual percent change	-25.4%	41.1%	4.1%	-5.4%	DMV/NHES
Fatal motor vehicle crashes	124	117	116	158	DMV
Percent alcohol involved, crashes ^a	40.3%	41.9%	28.4%	31.0%	DMV
Number of fatalities	142	127	127	171	DMV
Percent alcohol involved, victims ^a	39.4%	34.6%	37.0%	29.8%	DMV
Fatalities per 100 million vehicle miles	1.05	0.92	0.87	n/a	RTDS

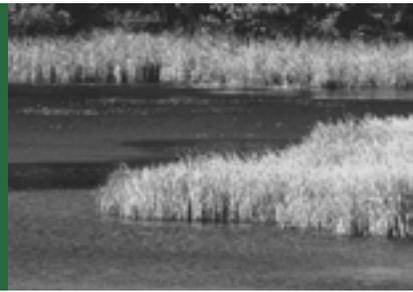
^aBased on a Blood Alcohol Content of 0.04 percent or above.

Auto Insurance Claims Loss - Personal & Commercial

	2001	2002	2003	2004	Source
Total Claims (\$ millions)	\$437.0	\$459.4	\$471.5	\$481.2	ID
Annual percent change	7.1%	5.1%	2.6%	2.1%	ID/NHES
Personal Claims (\$ millions)	\$372.0	\$398.5	\$404.1	\$410.6	ID
Annual percent change	7.2%	7.1%	1.4%	1.6%	ID/NHES
Percent Personal	85.1%	86.8%	85.7%	85.3%	ID/NHES
Commercial Claims (\$ millions)	\$65.0	\$60.9	\$67.4	\$70.6	ID
Annual percent change	6.6%	-6.3%	10.7%	4.7%	ID/NHES
Percent Commercial	14.9%	13.2%	14.3%	14.7%	ID

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Flooding in the late fall, especially in southwestern parts of the state caused contamination of many wells.



In fall 2005, drivers' sticker shock from gasoline price spikes initiated a debate on how expensive gas would need to be in order to make consumers alter their driving habits, either by buying more fuel efficient cars (eg. smaller vehicles or Hybrids) or by driving more slowly on the highways. Test-driving shows that gas mileage usually decreases rapidly at speeds above 60 mph.¹ However, the high gas prices did not seem to affect driving habits greatly. Some analysts speculated that a gallon of gas had to reach at least \$4.00 per gallon to make it economically worthwhile to invest in a hybrid car. Average price of gasoline in New Hampshire peaked at \$3.10 per gallon on September 12, 2005.² The price of gas went down faster than expected and the debate over fuel efficiency quickly disappeared from the media's headlines.

In general, however, the increased cost of energy over the last two years has increased the awareness about energy efficiency and the use of alternative sources of energy.

Energy Conservation

An executive order directing State Agencies to cut energy use by 10 percent took effect in July 2005. This initiative will save the taxpayers money and reduce pollution. As state government is the largest energy user in New Hampshire³, the Governor expects to lead by example. As part of the initiative, State agencies are required to purchase equipment with an Energy Star rating, and all new state owned cars must have a highway fuel economy rating of at least 27.5 miles per gallon. This highway fuel economy rating is how an average "car-shaped" U.S. car performs.⁴ A new state energy manager will oversee the progress and report to the Governor quarterly.

New Hampshire participated in the national, *Change a Light, Change the World*, educational campaign in October 2005. As part of this campaign, all citizens were encouraged to take the ENERGY STAR Change a Light Pledge. Energy efficient light bulbs use two-thirds less energy than standard bulbs and last longer. Again, using Energy Star qualifying light bulbs reduces energy costs for the individual household and reduces pollution overall.

Renewable Energy

In addition to increasing focus on energy efficiency, the spike in energy costs in recent years has also increased attention on using alternative sources of energy such as wind, hydro, biomass, and solar energy. In July, the Governor signed a bill that established a "committee to study maximizing the incentives for the voluntary use of renewable energy in New Hampshire", with a final report due by November 1, 2005. In this report, the committee noted⁵:

- Biomass and Hydropower have had significant utilization in New Hampshire for many years, whereas wind is about to make major contributions. Wood, which is considered a biomass product, has traditionally been a source of heat for homes. Wood pellets are another example of a biomass product. This product has a high burning efficiency and the demand for this type of fuel has increased significantly in recent months. Wood is also a source of electricity production as independent wood-fired power plants contribute to New Hampshire's electricity grid. Hydropower has been a significant renewable energy provider in the state since the

18. Environment

1980's when at least 50 small-scale hydroelectric projects were built or redeveloped.

- Wind energy is becoming an attractive energy alternative. The cost of producing this form of energy has declined steadily over the years as the technology has improved. At the same time fossil fuel prices have begun to rise dramatically. These factors have made the price of fossil fuel and wind energy more comparable. In addition, the federal government has recently extended the 1.9 cent/kwh production tax credit for wind energy. One concern with large-scale wind farms is the impact it will have on bird and bat populations, as these animals might collide with rotors. Another concern is the change in the landscape, as wind farms would be placed along ridges. Several New Hampshire communities are considering possible locations to expand the use of wind power to generate electricity. Among these are Berlin, Plymouth, and Lempster.

- Geothermal energy, the technology to tap the fairly constant temperature of the earth just a few feet underground, is used to heat and cool homes and businesses in New Hampshire, but is not used to generate electricity. Solar energy in New Hampshire is used in residences and businesses but is still fairly minimal due

to the cost of the system. A new federal 30 percent tax credit (\$2,000 cap) on the cost of installing solar electric or solar hot water systems might spur greater interest.

Despite the state legislative measure to focus on renewable energy in New Hampshire, it is worth noting that New Hampshire is the only state in the Northeast that does not have a renewable energy portfolio standard (RPS).⁶ An RPS is a policy mechanism to increase renewable energy production by requiring all electricity providers in the state to acquire a certain percentage of their power from renewable energy. However, the legislative committee recommended the establishment of a study committee "to investigate whether the benefits associated with an RPS are sufficient to justify the cost, if any exists, that would be imposed upon all ratepayers."⁷

Tax Incentives Promoting Renewable Energy And Energy Efficiency

In addition to the increase in the price of home heating oil and gas, tax incentives might have encouraged consumers to switch their home heating choice. When renewable energy installations are tax exempt, property owners will not have to pay additional taxes for the value that the renewable energy equipment

(solar panels, wood-pellet burning furnaces, etc.) add to his/her property. As of 2003, 56 municipalities in New Hampshire had elected to exempt solar energy, 24 municipalities exempted wind power and only 17 exempted woodheating energy.⁸ Portsmouth, Nashua and Bedford are among the municipalities exempting all three renewable energy installations.

More federal incentives are also on the way. The Energy Policy Act of 2005, signed in August 2005, offers consumers and businesses federal tax credits beginning in the 2006 tax year for purchasing fuel-efficient hybrid electric vehicles and energy-efficient appliances and products.

The high cost of fossil fuels and new tax incentives might reduce the environmental impact of emissions. However, it is questionable whether an increase in the use of renewable energy can keep up with the increased usage of energy in the state. Nationwide renewable energy consumption increased slightly less than one percent between 2003 and 2004, but total energy consumption grew faster, at two percent.⁹ New Hampshire's net energy generation increased 9.3 percent from 2003 to 2004. However, the amount of electricity produced by renewable energy sources dropped from a 15.8 percent share in 1999 to a 9.5 percent share in 2004.¹⁰

The Environmental Impact Of Flooding

Flooding in the late fall, especially in southwestern parts of the state caused contamination of many wells. This caused the New Hampshire Department of Health and Human Services (DHHS) to worry about the public health of people in the affected areas. The public health threat can last long after the waters recede. One of the greatest dangers was the contamination of the water supply by fecal matter from flooded sewage systems and septic tanks. Another major source of contamination came from gasoline in floating cars, oil from home heating tanks etc. In Alstead alone, it was estimated that 100 to 150 cars were washed away in the floods and 45 homes were damaged or destroyed. Important tips, such as not using contaminated water for washing dishes, to prepare foods or brush teeth, were posted on DHHS web site.

The Environment's Impact On Public Health

In recent years more research has focussed on linking public health issues such as allergies and asthma with environmental hazards. The New Hampshire Department of Environmental Services has joined with the Centers for Disease Control and Prevention, and New Hampshire Department of Health and Human Services in a cooperative venture

called the New Hampshire Environmental Health Tracking Program (NH EHTP). This program is focusing on three health related environmental issues. These are asthma and outdoor air quality; lung cancer and radon; and bladder and skin cancer and arsenic in drinking water. In October 2005 a Database Inventory Report for Priority Environmental Health Issues in New Hampshire was published. This document describes the information needed in order to determine a link between the environment and health risk for the three selected health-related environmental issues and how to determine whether or not this information is available. Eventually, data will be available on a state website for researchers and the general public to query and create summary reports. Right now, some health-related data is available at the UNH Health Data Inventory. The NH EHTP plans to approach the University of New Hampshire "to explore the feasibility of adding relevant environmental or public data sets to their web-based system (www.nhhealthdata.org)."¹¹

Mercury Levels In The Rivers And Lakes

Since 2001, the New Hampshire Department of Environmental Services has issued fish/shellfish consumption advisories for all New Hampshire lakes

and rivers due to the level of mercury content in the fish/shellfish. The nation's largest remaining source of human-caused mercury emissions is coal-fired power plants. In November 2005, New Hampshire legislators and some environmental groups came up with a compromise to reduce mercury emissions in the state. If the full legislature approves the plan, "it will cut mercury emissions at coal burning power plants 80 percent by 2013."¹² The federal government has not yet imposed restrictions on how much mercury power plants can emit.

Berlin Site Added To EPA Superfund List

In September 2005 a new site in New Hampshire was added to the to the National Priorities List (NPL), commonly known as Superfund list. Included on the NPL are those hazardous waste sites, nationwide, most in need of long-term clean-up due to risk concerns for human health and the environment. The environmental concern at this new site in Berlin is that mercury continues to leak into the Androscoggin River. There are currently 20 sites in New Hampshire on the Superfund list with the majority of the sites located in Rockingham and Hillsborough counties. Seventeen of the sites are in the remedial or clean up phase. One additional site in Nashua has been proposed

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to the U.S. Environmental Protection Agency for listing on the NPL.

Annette Nielsen

- 1 Observe the Speed Limit, U.S. Department of Energy and U.S. Environmental Protection Agency. Accessed on December 23, 2005 at <www.fueleconomy.gov/feg/driveHabits.shtml>
- 2 Fuel Prices, New Hampshire Office of Energy and planning. Accessed on December 23, 2005 at <www.nh.gov/oep/programs/energy/fuelprices.htm>
- 3 Governor Signs Executive Order Directing State Agencies to Cut Energy Use by 10 Percent, Office of the Governor, Accessed on December 23, 2005 at <www.nh.gov/

- [governor/news/071405SaveEnergy.htm](http://www.governor/news/071405SaveEnergy.htm)>
- 4 An average "car-shaped" US car produces circa 27 miles per gallon (US) highway. Fuel efficiency, http://en.wikipedia.org/wiki/Miles_per_gallon
 - 5 Final report of the Committee to Study Maximizing The Incentives For The Voluntary Use Of Renewable Energy In New Hampshire As Defined In RSA 374-F:3.
 - 6 Vermont passed a renewable energy portfolio standard in June 2005.
 - 7 Final report of the Committee to Study Maximizing The Incentives For The Voluntary Use Of Renewable Energy In New Hampshire As Defined In RSA 374-F:3, p. 7.
 - 8 This is the most recent data the New Hampshire Office of Energy and Planning has been able collect. Some cities and towns might have revised these exemptions since then.

- 9 Renewable Energy Trends, 2004 edition, U.S. Energy Information Administration, Accessed December 12, 2005 at <www.eia.doe.gov/cneaf/solar.renewables/page/trends/rentrends04.html>
- 10 Steere, Kara, Home grown energy, Business NH Magazine, October 2005, Vol. 22, No. 10, p.18 and p.22. The article quoted NH Office of Energy and Planning as the source.
- 11 Database Inventory Report for Priority Environmental Health Issues in New Hampshire, Version 1.0. New Hampshire Environmental Health Tracking Program, October 2005. Accessed December 27, 2005 at <www.des.state.nh.us/EHTP/docs/NH_DBI_Report_10-05.pdf>.
- 12 McPherson, Doug. A Compromise on mercury Emissions. NHPR. November 9, 2005. Accessed on November 10, 2005 at <www.nhpr.org/node/9872>.

Ozone Levels

	2001	2002	2003	2004	Source
Ozone levels (ozone season April 1 to October 31): Highest 1-hour maximum hourly values in parts per million, selected monitoring sites [National Ambient Air Quality Standard (NAAQS) 0.125 parts per million (ppm)]					
Manchester	0.119	0.111	0.094	0.104	EPA
Nashua	0.125	0.135	0.101	0.104	EPA
Portsmouth	0.082	0.145	0.097	0.116	EPA
Rye	0.149	0.137	0.105	0.114	EPA
Estimated Days above NAAQS standard (0.125 ppm)	3	0	0	0	EPA
Unhealthy Days (days above 0.08 ppm/8 hours, state)	10	13	1	4	DES-ARD

Carbon Monoxide

	2001	2002	2003	2004	Source
Highest maximum eight-hour concentration in part per million (ppm)					
Manchester	3.1	2.8	5.4	1.7	EPA
Nashua	4.0	3.9	4.0	2.8	EPA

Toxic Release Inventory

	2001	2002	2003	2004	Source
On-site and Off-site Disposal and Other Releases in Pounds					
New Hampshire	4,768,378	4,506,146	5,944,216	n/a	EPA
Percent Change	-22.9%	-5.5%	31.9%	n/a	NHES/EPA
New England	36,520,718	36,366,136	30,926,840	n/a	EPA
Percent Change	-13.1%	-0.4%	-15.0%	n/a	NHES/EPA
U.S. (thousands)	5,585,998	4,742,840	4,443,167	n/a	EPA
Percent Change	-15.9%	-15.1%	-6.3%	n/a	NHES/EPA

18. Environment

Water Quality - Lakes & Ponds

	2001	2002	2003	2004	Source
Aquatic Life:					
Total acres assessed	165,980	n/a	164,609	n/a	DES-WD
Acres Fully Supporting	0	n/a	7,808	n/a	DES-WD
Acres Not Supporting	79,599	n/a	78,004	n/a	DES-WD
Acres Not Assessed	2,296	n/a	2,438	n/a	DES-WD
Fish Consumption:					
Acres Fully Supporting	0 ^a	n/a	0 ^a	n/a	DES-WD
Swimming:					
Total acres assessed	165,980	n/a	164,609	n/a	DES-WD
Acres Fully Supporting	95,523	n/a	90,501	n/a	DES-WD
Acres Not Supporting	85	n/a	1,406	n/a	DES-WD
Acres Not Assessed	67,767	n/a	3,667	n/a	DES-WD

^a All surface waters are impaired for fish consumption and shellfishing due to mercury

Water Quality - Rivers & Streams

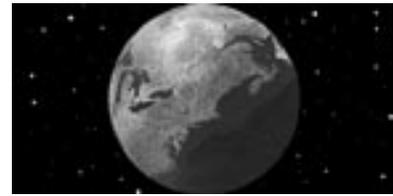
	2001	2002	2003	2004	Source
Aquatic Life:					
Total miles assessed	9,607	n/a	9,612	n/a	DES-WD
Miles Fully Supporting	0	n/a	163	n/a	DES-WD
Miles Not Supporting	754	n/a	1,091	n/a	DES-WD
Miles Not Assessed	7,149	n/a	7,298	n/a	DES-WD
Fish Consumption:					
Miles Fully Supporting	0 ^a	n/a	0 ^a	n/a	DES-WD
Swimming:					
Miles Fully Supporting	810	n/a	891	n/a	DES-WD
Miles Not Supporting	415	n/a	441	n/a	DES-WD
Miles Not Assessed	8,026	n/a	8,024	n/a	DES-WD

^a All surface waters are impaired for fish consumption and shellfishing due to mercury

Solid Waste

	2001	2002	2003	2004	Source
SOLID WASTE Residential and Commercial (tons per year-thousands)					
Generated	1,368	1,322	1,347	n/a	DES-WMD
Diversion (recycling + composting)	304	325	333	n/a	DES-WMD
Disposed of	991	927	934	n/a	DES-WMD
Pounds per person per day	6	6	6	n/a	DES-WMD
Exported	73	71	79	n/a	DES-WMD
Imported (for incineration and landfill)	346	449	424	n/a	DES-WMD

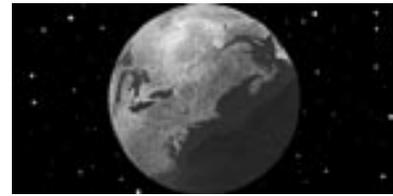
Sources



ABI	American Bankruptcy Institute
AS	New Hampshire Department of Administrative Services
BEA	Bureau of Economic Analysis, United States Department of Commerce
BFA	New Hampshire Business Finance Authority
BHSDM	Bureau of Health Statistics and Data Management, New Hampshire Department of Health and Human Services
BKRNH	District of New Hampshire, United States Bankruptcy Courts
BLS	Bureau of Labor Statistics, United States Department of Labor
CB	Bureau of the Census, United States Department of Commerce
CTC	New Hampshire Community Technical College System
DC	New Hampshire Department of Corrections
DE	New Hampshire Department of Education
DES-ARD . . .	Air Resources Division, New Hampshire Department of Environmental Services
DES-WD . . .	Water Division, New Hampshire Department of Environmental Services
DES-WMD . .	Waste Management Division, New Hampshire Department of Environmental Services
DHHS	Division of Human Services, New Hampshire Department of Health and Human Services
DMV	Division of Motor Vehicle, New Hampshire Department of Safety
DT	New Hampshire Department of Transportation
DTTD	Division of Travel and Tourism Development, New Hampshire Department of Resources and Economic Development
EIA	Energy Information Administration, United States Department of Energy
EPA	United States Environmental Protection Agency
F&G	New Hampshire Department of Fish and Game
FBI	Federal Bureau of Investigation
FDIC	Federal Deposit Insurance Corporation
FHLMC	Federal Home Loan Mortgage Corporation
FHWA	Federal Highway Administration
FM	Fannie Mae
FR	Federal Reserve Bank of Boston

HA	New Hampshire Hospital Association
HFA	New Hampshire Housing Finance Authority (NHHFA)
ID	New Hampshire Insurance Department
ISDS	Information Services, New Hampshire Department of Safety
LC	New Hampshire Liquor Commission
LD	New Hampshire Department of Labor
MA.	Manchester Airport
MBA	Mortgage Bankers Association of America
MTA	Manchester Transit Authority
NCUA	National Credit Union Administration
NHAR	New Hampshire Association of Realtors
NHES	New Hampshire Employment Security
NNEREN	Northern New England Real Estate Network
NTS	Nashua Transit System
OEP	New Hampshire Office of Energy & Planning
P&R	Division of Parks and Recreation, New Hampshire Department of Resources and Economic Development
PEC	New Hampshire Postsecondary Education Commission
PM	New Hampshire Pari-mutuel Commission
USPS	Manchester Field Division, United States Postal Service
PSNH	Public Service Company of New Hampshire
RA	New Hampshire Department of Revenue Administration
RTDS	Road Toll Administration, New Hampshire Department of Safety
SMM	Sales and Marketing Management, a publication of Bill Communications
SSA	United States Social Security Administration
SOS	Secretary of State, Corporate Division, New Hampshire Department of State
UCR	Uniform Crime Report, Federal Bureau of Investigation, United States Department of Justice
UED	United States Department of Education
UIS	Unemployment Insurance Service, United States Department of Labor
USACE	United States Army Corps of Engineers
USDJ	United States Department of Justice
WISER	World Institute for Strategic and Economic Research, Holyoke Community College

Glossary & Index



Air Quality Standards:

The quality of air, as monitored at various sites throughout the state, for the following pollutants: lead, ozone, nitrogen oxide, carbon monoxide, sulfur dioxide, and suspended particulate matter.

(Section 18)

Alcohol-involved Traffic

Crash:

Either driver, biker, or pedestrian reported consuming alcohol prior to the crash (blood alcohol level of .04 or above).

(Section 17)

Average Weekly Wage:

Total wages paid by employers divided by average covered jobs, divided by the number of weeks in the reference period.

(Section 2)

Benefits Paid, Unemployment Insurance:

Money payable to an unemployed individual as compensation for lost wages. Includes benefits paid on wages earned in covered employment; plus interstate benefits; adjusted for benefit recoveries, and for transfers under the interstate combined wage plan.

(Section 3)

Birth Rate:

Number of resident live births per 1,000 resident population.

(Section 1)

(BTUs) British Thermal Units:

The quantity of heat needed to raise the temperature of one pound of water one degree Fahrenheit at a specified temperature.

(Section 8)

Chained Dollars:

A methodology for adjusting for inflation, which includes both quantities produced and relative prices of goods and services.

(Section 9)

Civilian Labor Force:

That portion of the population age sixteen and older which is employed or unemployed and actively seeking employment. Members of the armed forces and the institutionalized population are excluded.

(Section 3)

Consumer Price Index for Urban Consumers

(CPI-U):

An index used to measure changes in the cost of a market basket of selected goods and services. Often the reference for cost of living adjustments in wages and entitlements.

See Constant Dollars.

(Section 2)

Constant Dollars:

Figures that are estimates representing an effort to remove the effects of price changes (inflation) as if the dollar had constant purchasing power. See Current Dollars.

(Section 9)

Cost of Gas Hearing:

A proceeding before the New Hampshire Public Utility that focuses on the price paid for the natural gas used by a utility.

(Section 8)

Current Dollars:

Figures reflecting actual prices or costs prevailing during the specified year(s). See Constant Dollars and Chained Dollars.

(Section 9)

Death Rate, Crude:

Number of resident deaths per 1,000 resident population.

(Section 1)

Defense Contracts:

Military awards for supplies, services, and construction made during a specified fiscal year.

(Section 9)

Disability Entitlement to Benefits under Social Security:

For purposes of entitlement to benefits, disability is defined as the inability to engage in any substantial gainful activity, by reason of medically determinable physical or mental impairment severe enough to render the person unable to engage in any kind of substantial gainful work, regardless of availability of such work. (Section 16)

Disposable Income:

Personal income less personal taxes and non-tax payments.

(Section 2)

Divorce Rate:

Number of divorces, annulments, and legal separations per 1,000 resident population.

(Section 1)

Durable Goods:

Items with a normal life expectancy of three or more years. Expenditures for durable goods are generally postponable. Consequently, durable goods sales are the most volatile component of consumer expenditures. Common examples of durable goods items are automobiles, furniture, household appliances, mobile homes, etc.

(Section 4)

Duration of Benefit**Payments, Average:**

Number of weeks compensated for unemployment during the year, divided by the number of first payments. May include more than one period of unemployment.

(Section 3)

Effective Buying Income (EBI):

An economic factor in figuring a market's "ability to buy." It is estimated by personal income less personal tax and nontax payments similar to disposable income. Developed by *Sales and Marketing Management*.

(Section 10)

Electric Utility:

A corporation, person, agency, authority, or other legal entity or instrumentality that owns and/or operates facilities for the generation, transmission, distribution, or sale of electrical energy, primarily for use by the public, and that files forms listed in the Code of Federal Regulations, Title 18, Part 141. Facilities that qualify as cogenerators or small power producers under the Public Utility Regulatory Policies Act are not considered utilities.

(Section 8)

Energy Consumption:

The use of energy as a source of heat or power or as a raw material input to a manufacturing process.

(Section 8)

Energy Generated, Net:

The total amount of electric energy produced by a generating station less the electric energy consumed for station use.

(Section 8)

Equity Capital Asset Ratio:

A measure to assess the financial health of lending institutions.

(Section 12)

Fuel Consumed to Generate Electricity:

Fuel required by all types of electricity generating plants. Coal, gas, and nuclear fuels are shown in equivalent barrels of oil.

(Section 8)

Freddie Mac (Federal Home Loan Mortgage Corporation):
A shareholder-owned corporation that invests in home mortgages, ultimately providing lower housing costs and access to home financing.
(Section 8)

Fungible:
Replaceable in whole or in part for another of the same kind.
(Section 8)

Gross Domestic Product (GDP):
The market value of all final goods and services produced by resources located in the United States, regardless of ownership.
(Section 9)

Gross State Product (GSP):
The market value of all final goods and services produced by resources located in a state, regardless of ownership.
(Section 9)

High Tech Industries (BLS 1999 Definition):
Industries are considered high tech if employment in both research and development (R&D) occupations and in all technology-oriented occupations account for a proportion of employment that was at least twice the average for all industries in the Occupational Employment Statistics survey.
(Section 6)

Home Sales (existing homes):
Estimates based on multiple listing data. Projections are made with the cooperation of the National Association of Realtors. Data primarily consists of existing units of single family homes, town houses, condominiums, and cooperatives. Multiple units are excluded.
(Section 11)

Homeowner Vacancy Rate:
Number of for-sale vacant units divided by the total number of housing units.
(Section 8)

Household:
All the people who occupy a housing unit (single occupants, two or more unrelated occupants, and families).
(Section 2)

Incarceration Rate:
The number of persons confined in prison, with sentences over one year, per 100,000 resident population.
(Section 17)

ISO (Independent System Operator) New England:
Operates the day-to-day activities of New England's bulk power generation and transmission system.
(Section 8)

Indexed Crime:
Selected offenses used to gauge fluctuations in the overall volume and rate of crime reported to law enforcement. The offenses included are the violent crimes of murder and nonnegligent manslaughter, forcible rape, robbery, and aggravated assault; and the property crimes of burglary, larceny/theft, and motor vehicle theft.
(Section 17)

Inmigration:
That part of the increase in the population not attributable to the natural increase rate. Generally, this is the populace moving to New Hampshire from an out-of-state residence.
(Section 1)

Inpatient Days:
The number of days that patients (excluding newborns) spend in a hospital, including the day of admission, but not the day of discharge.
(Section 15)

Labor Force Participation Rate:
The percentage of the civilian noninstitutional population age sixteen or older that is working or looking for work.
(Section 3)

Late Prenatal Care:

Prenatal care that does not begin until the third trimester of pregnancy.
(Section 1)

LIHEAP (Low Income Home Energy Assistance Program)

A federal block grant program that helps low-income homeowners and renters meet their home heating needs.
(Section 8)

Liquefied Natural Gas (LNG):

Gas vapor that has been cooled to very low temperatures to decrease the volume and make it easier to transport.
(Section 8)

Loan defaults:

Also known as charge-offs, which are the value of loans removed from the books and charged against loss reserves.
(Section 13)

Manufacturers' Shipments:

The received or receivable net selling of all products shipped, both primary (raw material) and secondary (manufactured), as well as miscellaneous receipts, such as receipts for contract work for others, installation and repair, sales of scrap, and sales of products bought and resold without further processing.
(Section 9)

Marriage Rate:

Number of marriages per 1,000 resident population.
(Section 1)

Meals and Rental Tax**Receipts:**

Estimate of sales by hotels, motels, and eating and drinking establishments based on taxes received under the Meals and Rental Tax.
(Section 10)

Median:

The value exactly in the middle of a set of data that are ranked in order of ascending size. Half of all data values will be less than the median, while half will be more.
(Section 2)

Medicaid:

A joint federal-state program providing medical assistance to certain low income individuals and families.
(Section 15)

Medicare:

A federal program providing hospital insurance and supplementary medical insurance for persons who are eligible for retirement benefits and have attained the age of 65, disabled persons entitled to social security disability benefits, and workers or their dependents with permanent kidney failure.
(Section 15)

Natural Increase Rate:

The number of resident births minus deaths per 1,000 total resident population.
(Section 1)

NHHFA:

New Hampshire Housing Finance Authority. See Assisted-Rental Housing.
(Section 11)

Nonfarm Employment:

Place of work employment that does not include private household workers, self-employed, unpaid family workers, and domestics or agricultural workers.
(Section 4)

Nondurable Goods:

Items that generally last for less than three years. Nondurable goods items are generally purchased when needed. Common examples of nondurable goods items are food, beverages, apparel, gasoline, etc.
(Section 4)

Noncurrent Loans:

Loans and leases 90 days or more past due or in nonaccrual status.
(Section 12)

OASDI:

Old Age, Survivors, and Disability Insurance. See Social Security.
(Section 16)

Pari-mutuel:

A system of wagering where the bettors who wager on competitors placing in the first three positions share the total pool minus a percentage for the management.
(Section 10)

Parole:

A condition of release of an inmate from prison serving an unexpired sentence, who has to report to a parole officer.
(Section 17)

Peaking Facilities:

Gas producing facilities intended for operation during periods when demand from customers is particularly high - typically the coldest days of the year.
(Section 8)

Per Capita Personal Income:

Total personal income divided by total population.
(Section 2)

Personal Income:

The current income received by all the residents of the state from all sources, including wages and salary disbursements, other labor income, proprietors' income, rental income, interest, dividends, and transfer payments; less personal contributions for social insurance.
(Section 2)

Poverty Level:

A set of income thresholds varying by size of family used as an eligibility factor for some programs.
(Section 16)

Private Firm:

A nongovernment economic unit that produces goods or services. It can have multiple locations, but will still be considered one firm.
(Section 6)

Probation:

A suspended sentence for a convicted offender giving the offer of freedom during good behavior under supervision of a probation officer.
(Section 17)

Property Tax Rates, Equalized:

A uniform standard for comparing tax rates between towns and counties.
(Section 13)

Property Tax Rates, Full Value:

The tax rate if property were assessed at its full market value. Rates represent tax on each \$1,000 of a property's market value.
(Section 13)

Property Tax Assessment Ratio:

The full value assessment ratio is a comparison between current assessments (local tax rate) and full market value (full value tax rate).
(Section 13)

Real Gross Domestic Product:

The market value of all final goods and services by resources located in the United States, regardless of ownership, adjusted for inflation.
(Section 9)

Real Gross State Product:

The market value of all final goods and services produced by resources located in a state, regardless of ownership, adjusted for inflation.
(Section 9)

Rental vacancy rate:

Number of vacant units for rent divided by the total number of renter-occupied units.
(Section 8)

Scholastic Assessment Test (SAT) Average Score:

Mean test score for all students in the state who took the SAT exam during the designated academic year.
(Section 14)

Social Security:

National Old Age, Survivors, and Disability Insurance (OASDI). The largest income maintenance program in the United States. Provides monthly cash benefits to individuals or their families to replace, in part, the income lost when a worker retires in old age, becomes severely disabled, or dies. Coverage is nearly universal, including about 95 percent of the jobs in this country. Funds come primarily from taxes on earnings in jobs covered by social security and matching funds paid by employers and the self-employed.

(Section 16)

Spot Market:

A market in which goods are bought and sold for cash and delivered immediately.

(Section 8)

Temporary Assistance to Needy Families (TANF):

A system of federal block grants to states for the provision of welfare benefits. Replaces AFDC, JOBS, and Emergency Assistance Programs.

(Section 16)

Total Equalized Valuation:

The true market value of all taxable property in the state as determined by the Department of Revenue Administration.

(Section 13)

Transfer Payments:

Payments to individuals for which no current goods or services are exchanged, like Social Security, welfare and unemployment benefits.

(Section 2)

Unemployed:

Persons who were not employed during the monthly survey week but were available for work and were overtly engaged in a job-seeking activity within the previous four week period, waiting to be recalled from a layoff, or waiting to report to a new job within thirty days.

(Section 3)

Unrestricted Revenue:

Moneys received by the state, which may be appropriated by the Legislature for any purpose without constitutional limitations.

(Section 13)

Value Added by**Manufacture:**

A measure of manufacturing activity used for comparing the relative economic importance of manufacturing among industries and geographic areas. The cost of materials, supplies, fuels, etc. are subtracted from the value of shipments plus receipts for services rendered, and adjusted by adding value added by merchandising plus net change in finished goods and work-in-process between the beginning and the end of the year.

(Section 9)

Vehicle Registration:

A count of the registration certificates on file at the Department of Safety at the end of each calendar year.

(Section 7)

Water Quality Classification:

Water quality status of the state's surface and ground waters, as reported to Congress per the requirements of Section 305(b) of the Water Quality Act of 1987.

(Section 18)

Weekly Benefit Amount,**Average:**

Benefits paid for total unemployment during the year divided by the number of weeks compensated.

(Section 3)

Weeks Compensated for**Unemployment:**

Number of weeks of unemployment for which benefits were paid including both total and partial unemployment. Interstate claims are counted in the paying state.

(Section 3)

Workers' Compensation:

Specifies the level of medical and disability income benefits to be paid to injured workers.

(Section 15)